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FINANCIAL TIMES

THURSDAY JANUARY 5 1995

Chinese boycott pirate products to heal US trade rift

China has stepped up its efforts to ease a trade rift with the US over copyright infringements by announcing a national boycott on pirate products. It said it planned to toughen its law on protecting intellectual property rights.

Following raids on factories violating domestic copyrights, Beijing has mounted a public relations initiative to avert trade sanctions threatened by Washington against \$2.5bn in Chinese exports. The US had said it would impose punitive tariffs on certain Chinese exports from February 4 unless Beijing strengthened copyright enforcement. Page 12; Rate rise planned, Page 4; Editorial Comment, Page 11

Viacom close to cable TV sell-off: Viacom, the US entertainment and media group, plans to make further acquisitions with part of the \$2bn or more it expects to raise from selling its US cable television systems. Page 13

Trade body launched: A total of 81 countries representing over 90 per cent of international trade have become founder members of the World Trade Organisation, according to an official count. Dreams behind the scenes, Page 11

EU ruling costs \$24bn: Water distribution companies in the European Union would have to spend up to Ecu20bn (\$24bn) on new pipes to meet higher water quality standards proposed in a draft directive passed by the Commission. Page 12

Shares scheme: About one-third of Air France's employees have signed up to an innovative scheme in which their salaries will be reduced in return for shares in the lossmaking, state-owned airline, the company said. Page 13

Record profits: Chrysler, the smallest but most profitable of the big three US carmakers, earned record pre-tax profits of \$1.06bn last year, said Mr Boh Eaton, chairman and chief executive. Page 13; Ford plans 20% rise in investment, Page 13; Saab misses sales target, Page 14

Rao presses for economic reform: Mr P.V. Narastmha Rao, India's prime minister, committed his government to the pursuit of economic reform. despite recent electoral reverses which have brought calls for a more populist approach. Page 4

Y101 for the first time since August after surg-

ing in overnight Asian

of European trading, but

making further gains by

European central bank and a big corporate

player. In London, the dollar-closed at Y101.315,

up from Y100.84. Against

the D-Mark, it finished at

talk of dollar sales from a

trade, it also reached DML 5620 after the close

was restrained from

its four-mouth high against yen The dollar stayed above

Dec 1994 1. 95

DM1.559 compared with DM1.5539. Page 24

Balladur edges towards candidacy: The French presidential election campaign moved up a geer as prime minister Mr Edouard Balladur began to outline his possible campaign themes and former education minister Mr Lionel Jospin became the first socialist to declare his candidacy. Page 2

Italian crisis talks stalled: Talks aimed at resolving Italy's political crisis were suspended because President Oscar Luigi Scalfaro, 76, has flu.

SCA. Sweden's second largest forestry group, is getting close to finalising an agreement to buy a substantial stake in the German pulp and paper company, PWA. Page 18; Swedish unions warn on

Ceasefire hope: A four-day-old street war between rival clans that killed at least 23 and wounded more than 300 in the Somali capital of Mogadishu eased amid talks to arrange a ceasefire.

NEC. the Japanese integrated electronics manufacturer, is considering setting up a joint venture company to manufacture personal computers in China for the Chinese market. Page 4

Vital Forsikring shares suspended: Vital Forsikring, the Norwegian life insurance and pen-sion group, asked for trading in its shares on the Oslo bourse to be suspended following a steep rise m their price. Page 14

Sound decision: French television viewers will not be deprived of foreign soap operas after dubbing artists voted to end a three-month strike over royalty payments, just in time to prevent TV channels running out of film stocks.

E STOCK MARKET INDIC	18 5	E STERLIN	<u> </u>
FT-SE 100: 1,861.5 Yield 1,327.95 FT-SE Eurotrack 100 1,337.95 FT-SE-A AF-Share 1,514.8 Nidus 19,884.04 New York baschittanc Dow Jones Ind Ave 3,833.08 SEP Composite 457.80 R 485 LUNICHTUME RATES	(+5.39) (-0.4%) (-39.02) (-5.39) (-1.31)	DM 2,4357 FF: 8,3965 SF: 2,0529	(1.5625 (2.4264 (8.3725 (2.0511
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Yeltsin promises to stop bombing Chechen capital

Mr Boris Yeltsin, the Russian president, yesterday promised to stop the bombing of the Chechen capital Growny, as dissension spread among the army's top ranks and international concern about the heavy toll of civilian casualties grew louder.

The president's press office said Mr Yeltsin had taken the decision after listening to reports from government officials and parliamentary chiefs, the appeals of ordinary people and foreign leaders. Bombing would cease from midnight on Wednesday, the statement said.

But it was not clear last night whether Mr Yeltsin had called a halt to all the military operations, nor whether the move would be temporary. Mr Yeltsin made a similar promise to halt the bombing eight days

Heavy casualties were again reported yesterday in Grozny. A correspondent for Britain's Independent Television News had dropped cluster bombs on villages outside Grozny, killing many civilians. Russian officials reported that Chechen fighters were now fleeling Grozny, but this claim was contradicted by

reporters in the city. Reports from the neighbouring Ingusbetia region suggested that Russian reinforcements had been flown in and that preparations were being made for a further assault on Grozny. Mr Nikolai Yegorov, the deputy prime minister who is co-ordinating the action in Chechnya, said Grozny would fall today.

General Boris Gromov, the deputy defence minister, who has been a sharp critic of the use of force in Chechnya, again appealed for a ceasefire and negotiations to stop the "flow of blood of Russian citizens". Gen Alexander Lebed, commander of the Russian 14th army in Moldova, also attacked the defence ministry and the politicians: "These politicians know full well that

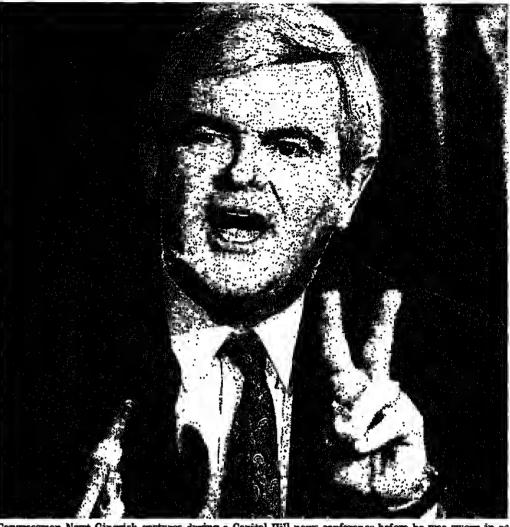
fire themselves."

Both generals' comments were carried on the official Itar-Tass newswire, which has been wary of carrying overt criticism of the events in recent days.

Other Russian army officers have called for a lull in the fighting, expressing disgust that the corpses of Russian soldiers had been allowed to lie in the streets of Grozny for several days.

Mr Grigory Yavlinsky, the leader of the liberal Yabloko parliamentary group, said Mr Yeltsin and "his ministers in uniform" had lost control of the situation in Chechnya, "There is only one way out - in the name of the future of our country, he should resign," he said.

Foreign politicians also raised concerns about the level of force being used in Chechnya. The permanent council of the Organisa-tion for Security and Co-operation in Europe, of which Russia



Continued on Page 12 | Congressman Newt Gingrich gestures during a Capitol Hill news conference before he was sworn in as Russia pays high price, Page 2 the first Republican Speaker in the House of Representatives in 40 years 'Amazing' day, Page 12 Picture, AF

Spain lifts | rates to quell market

By Tom Burns in Madrid

anxiety

The Bank of Spain yesterday raised its benchmark intervention rate to 8 per cent from 7.35 per cent in a pre-emptive strike to quell market anxiety about the domestic economy.

The decision followed market instability last week, fuelled by political tensions, which severely weakened the peseta and brought the Madrid bourse to its lowest level since the currency crisis of

Initial reaction to the rate rise appeared favourable as the equity and debt markets steadied and the peseta gained slightly on the D-Mark. The timing surprised analysts,

who had not expected any rise until late in the first quarter. The bank said it had raised its intervention rate because although the rate of inflation had been declining slowly there could be resistance to a continuing fall in the near future. The main commercial banks also increased their rates to prime borrowers in

line with the intervention rise. The decision will not be welcomed by the government, which could be forced into early spending cuts to compensate for increased debt servicing costs. It will also be concerned that the rise may slow an economic recovery which it hopes will offset growing controversy over a

series of political scandals. The government was rocked just before Christmas by the arrest of three former security chiefs who are accused of organising an undercover war against ETA, the Basque separatist group, and by a separate legal probe into alleged widespread misuse of reserve funds by the interior ministry.

The scandal took a new twist yesterday following allegations hy a former interior minister, who has been named in connection with the death squad directed against ETA, that the judge investigating the case was politically motivated. Lawyers in Madrid said the minister, Mr José Barrionuevo, risked being indicted on charges of contempt

Continued on Page 12

By Ted Bardacke and Stephen Fidler In Mexico City IPC Index The two-week crisis in Mexico's

financial markets refused to abate yesterday as investors reacted negatlely to President Ernesto Zedillo's emergency economic plan announced late on The plan, which involves cuts

in public spending, limits on wage rises, a flexible exchange rate, privatisation revenue of \$1.5hn and a reduction in the country's swollen current account deficit, was criticised for lacking specifics and for being

At mid-session the main IPC index of the Mexican stock market had fallen 2.39 per cent, after being down nearly 6 per cent in early trading. Combined with late dealings on Tuesday, the index fell more than 7.5 per cent in the five hours of trading immediately

after Mr Zedillo's announcement. The peso also fell against the dollar, trading at 5.475 to the US currency, down from Tuesday's close of 5.325. A senior govern-ment official said: "There has been a huge overreaction in the

Mr Guillermo Ortiz, finance minister, was scheduled to fly to New York yesterday where he is

Peso against the dollar (pesos per 5)

Mexico's measures fail to calm markets

due to meet 250 prominent investors and commercial bankers. He will meet the chairmen of the main US commercial hanks before going to Washington to consult with US government offi-

Investor sentiment has shifted markedly against the Mexican government as losses by foreign investors have totalled more than

\$10hn. Mr Ortiz's predecessor. Mr Jaime Serra Puche, was given a hostile reception by investors in New York two weeks ago at a meeting to explain last month's devaluation of the peso.

The government has lined up an \$18bu credit line from foreign governments and banks to reassure investors, particularly those holding tesobonos, short-term dollar denominated government debt, that it will be able to meet foreign currency chligations next year and to ensure continuing convertibility of the peso.

Local interest rates in peso deht rose for the third week, with 28-day government securities paying 33 per cent. 2 percentage points up from last week.

AP-DJ adds from Paris: The Organisation for Economic Co-operation and Development yesterday hailed the Mexican government plan, describing it as "comprehensive and coherent".

Mr Jean-Claude Paye, OECD secretary-general, said the emer-gency programme "should help restore the confidence of financial markets as it is backed up by the many decisive improvements that Mexico has made over the last decade or so".

Richard Lapper writes: Events in Mexico triggered a further sell off in the emerging markets, badly hitting the \$131hn market for Brady bonds, paper issued in exchange for distressed government bank loans. By early afternoon in New York the prices of the four main main classes of Latin American Brady bonds fell by an average of 2% per cent, hringing the cumulative decline since December 19, when Mexico first devalued, to about 12% per

> Background, analysis, Page 3 Editorial comment, Page 11 World stocks, Page 28

Banks press fund managers to reveal customer identities

By John Gapper, Banking Editor, In London

Fund management companies in the City of London, which invest money on behalf of institutions and rich individuals, face pressure from banks and the Bank of England to disclose their customers' identities.

The banks fear they may he running unacceptable risks by selling complex investments. such as financial derivatives, to unidentified customers.

strength as a global centre for

asset management. UK pension

Fund managers argue that pri-

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The Bank of England has warned fund managers that it wants them either to tell banks the identity of customers, such as pension funds, or to shoulder the risk that the customers will default on dehts. Financial derivatives and other

money market products including swaps, options and foreign currency forward contracts are increasingly being sold hy banks to funds because they can offer high investment returns. Fund managers are resisting pressure to identify customers. arguing that full disclosure could undermine London's growing

funds alone are worth £450bn It said the decision aimed to

vate clients would be reluctant to be identified, and many pension funds do not want other participants in the market to observe their strategy.

Banks are also worried that some investors, such as public sector bodies, may be breaking the law by buying derivatives. The risks were shown in 1989 when the courts nullified interest rate swap contracts entered into by local authorities.

The British Bankers Association has formed a working group of banks and fund managers to negotiate a solution. But fund managers have so far refused to agree to disclosure or to put capi-tal at risk by guaranteeing trans-

The Bank of England, which could prevent banks from entering contracts if no deal is reached, has said it wants to impose disclosure only if other countries represented in the Basle Committee of international supervisors from leading industrial nations also do so.

However, one participant in talks said yesterday that be believed the bank might impose disclosure unilaterally by amending the London code of conduct for such transactions. "I think they are beginning to lose patience," he said.

Fil World Actuanes. Foreign Exchenges Gold Markets Ecusy Options Int. Band Service

LONDON - PARIS - FRANKFURT - NEW YORK - TOKYO O THE FINANCIAL TIMES LIMITED 1995 Nn 32,566 Week Nn 1

"I see, you get thirty tons of steel, make a tube and some wings out of it, slap three hundred people in there and tell them they're going to America.

It's a cute idea Mr Wright but it'll never take off."

Having the capital to back a big idea is only half the secret. Having the vision to spot one is the other half.



High finance

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The French presidential election campaign moved up a gear yesterday as Mr Edouard Balladur, the prime minister, began to outline his possible campaign themes, and Mr Lionel Jospin, a former education minister, became the first socialist to declare his candidacy in the race.

in an interview in today's Paris Match magazine, Mr Balladur, who has yet to declare his candidature for the Elysée Palace made reference to national cohesion and individ-ual liherty while calling for the

Brussels

discord

on new

TV rules

By Emma Tucker in Brussels

yesterday failed to agree on

tightening restrictions on

Sir Leon Brittan, the UK

commissioner, demanded a

postponement of the decision

other commissioners' strong

broadcasters to ensure that at

programmes screened were European-made, or to invest a

certain proportion of their

"Sir Leon doesn't belleve

sufficiently equipped with the

analytical information it needs to take a decent decision in

this area," said a Commission

delay now puts the proposals

Television without Frontiers

directive - in jeopardy. The current Commission remains

in place until the end of the

week after which there is a gap before the new

the end of the month.

João de Deus Pinheiro.

them to new electronic

On one side its more

as Sir Leon, Mr Martin

Bangemann, the industry

the Commission.

His original plans to rastically tighten EU l broadcasting and to extend

Commission assumes office at

latest in a string of delays for the plans put forward at the end of last year by ontgoing

audiovisual commissioner Mr

an ideological faultline within

liberal-minded members such

commissioner, and Mr Raniero

Vanni D'Archirafi, the single

market commissioner, argued that the moves could damage

the industry and adversely

affect the development of new

screen-based services such as

teleshopping which they said

needed a separate set of rules.

de Deus Pinheiro who had the

strong support of the French

producers. They argued - as they did during the trade

Round – that protection of Europe's andiovisual industry

is necessary to preserve the

anxions to tighten the 50 per cent gootas, to narrow the

definition of what counts as a

European-made programme

and to allow individual

member states to impose

language quotas on new

electronic services such as

The French government was

continent's culture.

government and French

They were pitted against Ma

Yesterday's setback was the

revisions to the 1989

The demand for a week-long

misgivings over the plans

which would force

least 50 per cent of

budgets in European

that the Commission is

The move reflected his and

European broadcasters after

new proposals aimed at

mism" in the nation.

Meanwhile, Mr Jospin said vesterday he was ready to be a candidate to unite the left and the ecologists on behalf of the Socialist Party following the decision in December by Mr Jacques Delors, outgoing president of the EU, not to run.

France-Ouest, one of the country's biggest-selling daily newspapers, reported yesterday that Mr Phillip de Villiers. a nationalist Euro-sceptic, was also set to declare his candidacy next Sunday evening on

Mr José Rossi, minister of

industry and secretary of the the election and concentrate Republican party, yesterday became the second minister to express his support for Mr Balladur after endorsement from Mr Dominique Perben, responsible for overseas development,

Mr Nicholas Sarkozy, the budget minister, who has also indicated his support for Mr Balladur, said yesterday that the prime minister would announce his decision on his possible candidature later this

Ministers have until now respected Mr Balladur's call to reforms took time to have an politicians to keep quiet about effect and could not be

on their current jobs until the start of this year. His request was scuppered in early November when Mr Jacques Chirac, the mayor of Paris and head of the Gaullist RPR party. announced he was running.

Mr Balladur, also a member of the RPR party, remains firmly ahead of potential socialist party candidates and is considerably higher in the opinion polls than Mr Chirac as the next president.

In his Paris Match interview, Mr Balladur said that social achieved as if by a miracle sim-ply with a change of president, an apparent reference to recent outspoken criticism of his policies by Mr Chirac, who has recently adopted a more radi-

Mr Balladur stressed the importance of educational reform: at primary level to ensure children could read, write and count; and at secondary level to give school-leavers either a general diploma or professional training sufficient to provide them with jobs.

He stressed the importance of the family in ensuring the likely to resig ing his term.

for respect for the law. He also talked about urban problems and attention to unemployment and youth.

The first round of the French presidential elections is scheduled for late April, though it could still be brought forward if Mr Mitterrand, who is undergoing treatment for cancer, decides to step down before his second seven year term offi-cially ends in May. However, in his final address to the nation on French TV recently, he gave no indication he was likely to resign before complet-

EUROPEAN NEWS DIGEST

West German orders decline

showed that the country's continued recovery from recession remains uneven, despite the faster than expected economic growth experienced last year.

Orders eased by 0.3 per cent compared with October, although the year-on year figure was nearly 10 per cent higher, the economics ministry said. The decline in October over September was also revised to 1.2 per cent from the provisional estimate of only 0.2 per cent, The main reason for the lower order level in November was a I per cent drop in demand from ahroad. Domestic orders were unchanged. On a two-monthly comparison, however, total orders in October and November were 1 per cent higher than in August-September, foreign demand was 2.5 per cent higher; and domestic orders were up by 0.5 per cent. In September, new foreign orders showed a powerful advance of 12 per cent. Helped by rising world trade and German companies' enhanced competitiveness, exports grew by 9.3 per cent in October, with imports up ness, exports grew in 3.5 per cent to produce a trade surplus of DM7bn (\$4.4bn) after DM5.1bn in September. The surplus for the first 10 months was DM59hn, a rise of 20 per cent on the January-October level of 1993, the federal statistics office said. Andrew

US row over Bosnia arms ban

The US State Department yesterday criticised plans by Mr Bob Dole, the Senate majority leader, to seek a unilateral lifting of the arms embargo against Bosnia. "It is just the wrong thing to do at this very important point in the crisis in Bosnia," said a state department spokesman. Fighting in the north-western enclave of Bihac yesterday marred an ambitious Bosnia-wide truce, UN officials said. Serb forces from Croatia fired three mortars into Bihac town, a "safe area" in the enclave. The assault came despite the Serbs' pledge on Monday to withdraw from Bosnia. The prospects for peace were also clouded by a statement from Mr Haris Silaidzic, prime minister of Bosnia in which he appeared to qualify his government's acceptance of a contact group plan to divide Bosnia roughly in half. He said the proposed map "rewarded the aggressor" and his government would call for the lifting of the arms embargo unless the Serbs endorsed the plan by May. Envoys from the contact group will meet today in Bonn to discuss the peace process. Laura Silber, Belgrade and agencies

Swedish unions warn on jobs.

Sweden's main blue-collar trade union federation, the LO, a key political ally of the Social Democratic administration,

yesterday warned the government that its policy of tough tax increases and spending cuts could cause high long term unemployment. The government, fearful of a split within Social Democratic ranks over how to tackle the hudget deficit and spiralling state debt, is anxious to secure union support for SKr20hn (\$2.7hn) in spending cuts promised in next week's budget. The LO has not rejected this target outright. But its latest report on the economy published yesterday stressed its belief that the government's strategy risked depressing growth and entrenching unemployment. Official figures published yesterday showed average total unemployment in Sweden in 1994 was at a record level of almost 14 per cent. The LO said it forecast gross national product growth in 1996 and 1996 of just 2.2 per cent and 2.5 per cent respectively – below government estimates – and predicted unemployment in 1996 would still stand at more than 11 per cent. Hugh Carnegy, Stockholm

France seeks Algiers assurances



The French government is to within the next few days to seek guarantees for the safety of its nationals following the Christmas hijacking of an Air Islamic militants. Mr Alain Juppe (left), the foreign minister, said France had been told that precautions had been taken prior to the hijacking but that they had proved inadequate. The French government has already suspended passenger flights between France and Algeria following the hijacking and warnings of further

attacks from Islamic militants. The militants claim that Paris is supporting the military-backed government in Algiers in the country's increasingly violent civil conflict. Mr Edouard Balladur, the French prime minister, yesterday rejected such claims. He told a cabinet meeting that "France supports the Algerian people and only them", describing France's stance as non-interventionist. Mr Balladur later held a separate meeting with several ministers to discuss Algerian policy. Germany said yesterday that it was in contact with other western governments about how to respond to a letter from Islamic solutions about now to respond to a letter from Islamic militants threatening to kill more foreigners if western embassies are not shut. John Ridding, Paris

Swiss bank secrecy case opened

The Zurich public prosecutor is investigating the recent disclosure of the identity of a Swiss bank client. A Swiss newspaper revealed that Mr Karl-Heinz Kipp, a retired German billion-aire, was the seller of a SFr450m (\$339m) block of shares of Union Bank of Switzerland that helped the bank to win a proxy battle in November against dissident shareholders. Under Switzerland's strict bank secrecy laws, banks are not allowed to disclose a client's identity, except in response to formal criminal charges. A violation of bank secrecy is a criminal offence. This strictness is the main reason why many rich foreigners hide their savings in Swiss banks. Mr Christian Weber, the Zurich prosecutor, said the preservation of Switzer-land's reputation as a safe haven was an important factor in proceeding with the investigation. Mr Weber said he had "sufficient grounds to believe that bank secrecy laws have been broken", but was carrying out the investigation against
"a person or persons unknown". Rumours of a large transaction in UBS shares surfaced in the Zurich stock market in early November. On Christmas day, a Swiss newspaper, Sonntags Zeitung, revealed Mr Kipp's name. Ian Rodger, Zurich

ECONOMIC WATCH

Turkish wholesale prices up 149%

Turkish wholesale prices rose by 8.3 per cent in December and a record 149.6 per cent in 1994, the State Institute of Statistics reported yesterday. Consumer prices showed a rise of 6.3 per cent in December from November and 125.5 per cent over the year. Economists blamed the sharp rises on public sector price increases in late November and early December. Turkey has raised prices of key goods and services by some 20 per cent in the past two months after delays ahead of a key by election. that was later cancelled. In response to the announcements of record-breaking inflation figures, Turks rushed to unload their lira yesterday. A currancy flight was averted, foreign exchange traders said, because the erosion of the lira's value meant that far fewer residents could afford to buy dollars than during previous currency scares. The lira lost 61 per cent of its value last year, and began 1995 at close to 41,000 to the dollar from a year-end 38,000. When prime minister Tansu Ciller's conservatives came to power three years ago they pledged to tame inflation, then at 65 per cent. Reuter, Ankara ■ The December unemployment rate in Austria was 4.4 per cent, unchanged from November's rate, according to prelimit nary, unadjusted figures from the labour ministry. AP, Vienna

Norwegian industrial inveatment is expected to rise to

NKr12.03bn (£1.14bn) in 1996, the Central Burean of Statistics

Emma Tucker watches Euro-MPs exercise their new powers of cross-examination EU's commissioners

get the third degree

European parliament had been waiting for: never in its history had it had the chance to cross-examine future European commissioners on their interests, their intentions and - crucially their attitudes towards the par-Yesterday, in three packed

rooms inside the parliament's Brussels headquarters, Messrs Manuel Oreja, Manuel Marin, the sitting Spanish commis-sioners, and Yves Thibault de Silguy, the new French com-missioner, came before a hungry array of MEPs, eager to exercise new powers granted under the Maastricht treaty.

They cannot veto the appointments of individual commissioners but they can sack the lot if they don't like what they hear and expecta-tions for a plucky debate were yesterday running high. But like other arenas in

Brussels the sparky questions. defensive answers, and general rumpus expected of a commit-tee grilling were deadened by the leaden hand of translation. By the time each MEP's carefully phrased question had been translated into all 10

response laboriously relayed back through headphones, it was hard to remember the original point. Furthermore, Mr Oreja - talking about his role as overseer of institutional changes in Europe · insisted on taking three questions at a

Mr Yves Thibault de Silguy. French commissioner due to assume the economics portfolio - who himself suppressed a yawn in proceedings - did his best to enthuse over plans to introduce a single currency across the EU. I am certain this essential task shall be completed on schedule. From the technical standpoint, nothing should stand in the way of implementing single monetary policy as of 1997," he said.

Mr Alan Donnelly, UK Lahour MEP for Tyne and Wear, was unimpressed "Civil servant answers," was his verdict. "This is not the man to fire people up for the final stages of monetary union. Any notion of reducing Europe's working languages was squashed by Mr Oreja. who moved swiftly to reassure Greek MEP Mr Dimitros Tsat-sos, a Socialist, that his lan-

ised after 1996 when some have suggested that the present cumbersome structure should Doing more to win the hearts and minds of the people was strong on the MEPs' agendas.

But little was forthcoming

whose task it is to draw up future legislation. "I am very struck to see that when we talk to our citizens of Europe nowadays, they ask what is the point of Europe -look at Bosnia, look at unemployment - they say. We do have a credibility problem,"

said Mr de Silguy. There was also a hint of nervousness over the parliament's ever more assertive approach. Asked what he would do if the parliament disapproved of one of his policies, Mr de Silguy responded: "I hope never to face such a situation, for 1 shall strive to work in close co-operation with the European parliament, to lend it a ready ear and keep it as thoroughly informed as possible."

On yesterday's performance, it seems unlikely that Mr Jacques Santer, the Commission president, will see his taam



Marcelino Oreja, new EU commissioner for Institutional Affairs, Culture and Media, at a confirmation hearing yesterday

thrown out by a disenchanted parliament. Hearings continue

"You'll be sick of them by then," commented a smug

Russia pays high price for Chechen crisis

The Chechen crisis, which is also threatens to wreck the country's chances of stabilising the economy this year. The costs of the operation -

and its aftermath - could undermine much of the gov-ernment's good work in 1994 when the monthly rate of inflation was brought down to 4 per cent in August; a tight budget was approved for this year, and the economy was within striking distance of a serious stabilisation programme.

"Clearly no one knows how much the final bill for Chechnva will be, but whatever it is it will be big and will rip a hole in the 1995 budget," says one western economist in Moscow. Mr Yevgeny Yasin, the economics minister, estimates it will cost Rbs3,000bn (£545m) just to restore the Chechen economy. This figure does not



Yeltsin: questions have been raised over his future

the operation nor the army's certain demands for an increased budget following its conclusion. An article in include the military costs of today's Sevodnya newspaper

mate of the likely costs as being five times Mr Yasin's narrower figure.

worrying rate. Following an overly loose credit policy in the summer and the surge of infla-Quite apart from rebuilding

a city of 400,000 people, Russia will have to recreate the region's economy. The ministry of Economics estimated It would cost Rbs720bn to rebuild Chechnya's oil industry which used to produce 4m tonnes of crude a year. The ministry said only 100 of the region's 1,500 wells were operational and 60 per cent of its refining capac-ity. Since that estimate, fires have raged in at least one of Chechnya's three refineries. Mr Alexander Shokhin, the

reformist deputy who resigned as deputy prime minister in November, says it is inevitable that the government will have to re-write much of the budget. He believes it will have to borrow from the central bank to fund its commitments, thereby already pushing upwards at a dessus, the head of the IMF,

rouble crash in October, inflation rose to 16.4 per cent in December. It will be difficult to tame in the immediate future.

The other big worry for Russia's economic policy-makers is that they may no longer he able to count on western financial assistance, which was expected to plug one-third of the budget deficit. A few weeks ago it seemed a matter of when rather than whether the International Monetary Fund would agree to its biggest ever financial assistance package -pledging up to \$13bn (£3.3bn)

in support. But the climate both in Washington and Moscow has swung markedly in the past faw weeks, raising grave doubts about whether a deal can be quickly struck. In midfuelling inflation which is December, Mr Michel Cam-

impossible for the IMF to recommend a deal before oil export quotas had been liberalised. The issue, still the subject of fierce debate within Russia. is unlikely to be resolved soon
- at least to the IMF's satisfaction.

An additional worry is that it is becoming increasingly difficult to discern who really pulls the levers of economic Mr Vladimir Polevanov, the

head of the privatisation agency, has talked about the need to renationalise strategic assets. The previously hidden hand of Gen Alexander Korzhakov, the head of the presidential security apparatus, has also heen revealed as an important force in recent weeks. Even the future of Presldent Boris Yeltsin looks

Polish health workers drop hunger strike

By Christopher Bobinski in Warsaw Poland's health service workers

yesterday called off a series of hunger strikes after reaching agreement with the coalition government on pay The deal promising health service

The existing directive pay increases of 6 per cent above infla-tion this year removes a significant requires 51 per cent of source of tension for the government as it faces a political confrontation with channels to be of European origin and 10 per cent to be set President Lech Walesa. Originally, the European producers. government had been willing to promise that wages would rise by no more THE FINANCIAL TIMES
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Financial Times Lunited, Number One than 6 per cent over the projected 17 per cent Inflation figure written into

Yesterday the Finance Ministry said that according to preliminary esti-mates, the cost of living rose by 29.7 per cent between the end of 1993 and the end of last year. The implication is that inflation will rise faster than the 17 per cent written into the budget. However, the pay concession, which

could turn out to be purely symbolic if the government manages to stick to its inflation targets in 1995, sees the Solidarity-led employees threatening new protests if planned talks on health service and insurance reforms prove unsa-Meanwhile, Solidarity's regional

leadership in Rzeszow in the south-east said it would follow President Lech Walesa's lead over the opposition's tax revolt. The decision came after Mr Walesa had attacked the government, for in his view, illegally seeking to impose higher rates, and announced he would refuse to pay them.

The tax protest comes as the government and the president are already deep in conflict over the appointment of a new defence minister.

Yesterday, Mr Waldemar Pawlak, the prime minister, formally asked Mr Walesa to accept Mr Longin Pastusiak

nee, Mr Zbigniew Okonski, should get

the job.
Mr Walesa and his aides have also sought to sow discord inside the coali-tion by suggesting that Mr Pawlak was responsible for the present crisis and that Mr Alexander Kwasniewski, head of the Left Democratic Alliance (SLD) the main coalition partner, would make a better prime minister.

Yesterday, Mr Pawlak, who heads the Peasant Party (PSL), refrained from opening a new front by asking Mr Andrzej Olechowski, the foreign minister whose resignation Mr Walesa has for the vacant post, even though Mr said be would not accept, to stay on in Walesa is insisting that his own nomithe post.

Greece to try again on telecoms sell-off

By Kerin Hope in Athens

Greece's stock market is are as adamantly opposed to privatisation as ever. But Mr Yannos Papantoniou, the irrepressibly optimistic economy minister, says he will make another attempt to float OTE, the state telecoms monopoly.

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Roubaix Cedev I. Editor: Richard Lambert, ISSN: ISSN 1148-2753. Commission
Paritaire No 67808D. After two failed bids to bring Greece's only profitable public utility to market, the OTE offering now has a decidedly shop-soiled look about it. The third try is therefore DENMARK: Financial Times (Scandunavia) Ltd. Vimmelskafted 42A. DK-1161 Copenhagenk. Telephone 33 13 44 41, Fax 33 93 53 55. focused on local punters rather than institutional investors

abroad, whose lack of interest

last November forced Mr Papantoniou to postpone the

The ruling Panhellenic Socialist Movement (Pasok) had agreed to the sale of 25 per cent of the company, divided into international and domestic the sale of 25 per cent of the company divided into international and domestic the sale of 25 per cent of the company divided into international and domestic the sale of 25 per cent of the sale of 25 per cent of the sale of 25 per cent o tic tranches of 18 per cent and 7 per cent respectively. The deal was a pared down

version of the previous conservative government's ambitious 1993 scheme to sell 25 per cent of OTE, plus management rights, to an international telecoms operator and float another 14 per cent on the Athens bourse.

"What's being discussed now is selling 5-10 per cent of OTE on the Athens market and

making some equity available abroad through an arrange-ment like an American depository receipt," says a local

No date has been set for reviving the offering, but econ-omy ministry officials say it will not be before June. Pricing will be a sensitive issue as the company is valued by independent analysts at around Dr1,000bn (£2.65bn), much less than OTE's assessment.

Nevertheless, local analysts forecast healthy profits growth for OTE, which this week raised domestic tariffs by an average 20 per cent. The company's 1994 earnings are projected at around Dr190bn on turnover of almost Dr500bn.

For CS First Boston and J. Henry Schroder Wagg, appointed joint global co-orditelecoms operator investing heavily in OTE, have been drastically scaled back. nators for the issue in 1993, a small-scale flotation would be permit only partial flotations a disappointing outcome to what had been hilled as one of the European Union's largest international equity offerings. On the other hand, pickings

for international advisers have been slim since the Socialists froze Greece's privatisation programme on returning to power in 1993. Though Pasok reversed that a few months later, the conser-

vatives' plans for privately

financed airports and high-

ways and power stations con-

structed on a build-own-oper-

ate basis and an international

of public corporations, with management control remaining in state hands. While OTE was restructured

last year ahead of the planned flotation, so that it can be run as a private sector company, its chairman is still Mr Petros Lambrou, most of whose managerial experience was acquired by serving as Pasok's treasurer. Because of opposition from OTE's powerful trade union, plans to appoint an international telecoms operator as a technical consultant are still on hold.

The Socialists are willing to

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TOWNING THE WAY

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been ended on many products. The central bank is maintaining the Real at 0.84-0.86 to

German Zedillo eschews populism for orthodox economics decline But Mexico's new president has yet to convince markets he is in control, writes Stephen Fidler

President Ernesto Zedillo of Mexico has set the tone for his presidency with a message on Tuesday that underlined his government's intention to puraue orthodox, economics and eschew

The plan to deal with the fallout of devaluation two weeks ago which was emerging in more detail yesterday aims explicitly at avoiding tha mistakes of past devaluations, when wage and price spirals undermined any competitive henefits and extended the period of painful adjustment. In short, the Mexican plan is trying to limit that adjustment to 1995.

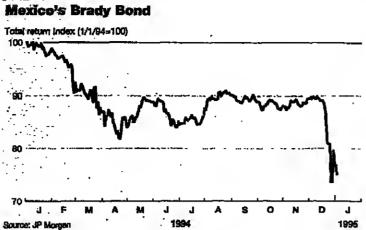
Mr Zedillo made no bones about how hard it would be. Mexico was not a rich country, but one with serious needs and shortages, he said. Confronting the crisis "will mean sacrifices for all of us without excep-

Normally professions of financial orthodoxy are greeted positively by financial markets. But the mindset of the international financial markets, for so long over-optimistic about Mexico'a prospects, appears to have become equally pessimistic. Investors have not forgiven Mr Zedillo for failing to hold the

The financial markets appear to be reacting to several factors. One was the lack of detail in the plan, which included, for example, no inflation forecast. Another was that several competing versions of the plan were circulating. Many investors still believe the government, for example, intends to raise corporation tax. although Mr Guillermo Ortiz, the finance minister, denied it yester-

The multiple postponements of Mr Zedillo's speech as government, business leaders and trade unions haggled into Tuesday morning also raised questions in the minds of investors about Mr Zedillo's presidential abilities and about whether his government's agreement with the unions would succeed in holding down wage inflation.

The lambasting Mr Zedillo's government has received from investors is partially justified, perhaps, by its lack of experience and youth. Mr Ortiz at 46 is the oldest member of



Mexican Brady bonds tumbled yesterday morning to their lowest level in four years amid continued uncertainty about whether Mexico would be able to make good on short-term debt in the wake of its currency crisis, reports Lisa Bransten in New York.

Since tha peso crisis began, Mexico's par Brady bond lost more than 20 per cent of its value, drop-

though central bank president Miguel Mancera is 62. However, the contrast often made with the supposed competence of the predecessor administration of President Carlos Salinas is too strongly drawn by investors. Mr Salinas's team was as youthful when they took office in 1988, but it was Mr Salinas's predecessor who dealt with the financial crisis in 1987, not the incoming presi-

In the opinion of many political analysts, Mr Zedillo inherits an office weakened by economic reform and other changes in Mexican society. "The power of the office has been weakening for some time now. Salinas was weaker than his predecessors but he masked this with his leadership and public relations skills," says a member of the presidential staff. "Zedillo has not been able to compensate in the same

Some analysts - such as the economist Rogelio Ramirez de la O reckon that Mr Zedillo's insistence

ping to \$50-3/8 by midday yesterday. The yields soared to more than 5

> eral supporting the honds, the securities were yielding nearly 10 percentage points over the long

percentage points over the bench-

Leaving aside the effects of collat-

mark 30-year US Treasury bond.

Tronbling the market were Mexico's recent problems turning

institutions of government, rather than more directly and occasionally extra-constitutionally as his predecessors did, has made leadership

However, Mr Zedillo is early in his term, and should therefore be at the peak of his authority. Given his decision to eschew populist solutions, government officials are hoping that his stock will grow when investors become convinced of the seriousness of his proposed economic solution.

"The underlying economics does not justify the reaction we are seeing. There has been a huge overreaction of the exchange rate," said one senior government official yes-

The government's aim was, he said, to address the problem in the current account deficit. That would now fall to \$14bn from the \$31bn earlier being forecast for 1996. This would be financed by \$9hn of foreign direct investment - realistic since 1994 FDI exceeded \$8bn - loans from commercial banks and international financial organisations totalling

Guillermo Ortiz: under pressure

over its short-term debt. At anction on Tuesday, the government could only sell \$52m of dollar-pegged honds known as Tesehonos to replace \$680m-worth of the securi-

"It is a question of how Mexico restores a market base for its inter-nal debt. That hasn't been settled, so the (Brady bond) market isn't settled yet," a portfolio manager

\$5hn and \$1hn of net capital flows, for example into the equity

This assumption depends on preventing a buge further flight of capital out of Mexico this year. Much of this hangs on what happens to tesobonos, \$29.2bn of short-term financial instruments issued by the central bank, denominated in dollars but paid in pesos.

Worries about the continuing convertibility of the peso has made investors - some 90 per cent of which are in the US - concerned that they will not be able to take their money out of the

It was to address this fear that the government lined up \$18bn in foreign credit lines to back its programme. In the mean time, government officials are working on "market-oriented" solutions to attempt to persuade holders to swap tesobonos for longer-term securities denominated in and, unlike tesobonos, payable in dollars.

with a major institutional investor in Latin America said.

Not since the outbreak of the Gulf War near the end of 1990 have Mexican Bradys hit such low prices, said Mr Vincent Palermo of the bond portfolio analysis department at Salomon Brothers. Since then the honds have traded closer to 300 basis points above the long bond.

stock market, officials said it was unfortunate, but understandable. The Zedillo speech underlined how hard 1995 was going to be and suggested corporate earnings would come under pressure. The plan forecasts growth of L5 per cent to 3 per cent for 1995 - but one official said: "I must underline how preliminary these figures are."

The actual performance of the economy will derive from the balance of growth in manufacturing industry - based on exports and import substitution - which could "conservatively" grow 14 per cent in 1995. This will be offset by the proposed cut of 1.3 per cent in government spending and some fall in consumer demand.

The government's expectations that the devaluation will boost growth is based on a big shift in the make-up of Mexico's exports since 1987 and the last devaluation of the peso. In 1987, oil accounted for some 60-70 per cent of the export total, but now the figure is 12 per cent. Some

vehicle parts, have grown signifi-cantly last year since the introduction of the North American Trade Agreement, even at the previous overvalued exchange rate.

Another important element of the equation is what will replace the old exchange rate anchor as the cornerstone of economic policy. With most investors seeing a government with its budget probably in small surplus, the attention turns to monetary policy and to the autonomous central bank. Although the stock of Mr Mancers and his team bas fallen since the devaluation - they were beavily committed to the old policy - the bank is regarded as an area of institutional competence.

Under the accord, the central bank is to limit the growth of domestic credit next year to about 16 per cent the expected inflation rate. Asked if possible bank failures could prevent this from heing achieved, finance ministry official replied: "We are not about to add a banking crisis to this cocktail."

Investors are worried that some bank portfolios, already under pressure, will weaken much further during the devaluation, and that some may have mismatched dollar liabilities with peso assets to complicate the problem.

However, government officials say deposits are protected by an insurance fund and they do not intend depositors to lose money. They expect mergers and the injection of some foreign capital into the system. now the 30 per cent limit on foreign ownership of Mexican banks has been lifted.

The main risks to the plan, economists say, are that US interest rates will rise sharply in 1995, damaging capital inflows and raising domestic interest costs; that wages may start to rise more rapidly than envisaged; or that the peasant uprisings and assassinations that marked 1994 will continue with political instability through 1995.

When Mr Ortiz addresses 250 investors and commercial bankers in New York's Pierre Hotel today he will deliver a message of economic orthodoxy. He will be hoping that investors have not already closed their ears.

Mexican nerves on edge over wage pact tightrope

slipping away at the very moment it per cent wage increase, saying they is most needed

Government officials recognise that if inflation is to be held down and the country is to emerge from the financial crisis relatively unscathed, limits on wage rises will have to be agreed and enforced.

initially the government was barely able to gat an agreement. Negotiations with organised labour on the wage aspects of the country's emergency economic plan bogged

down as two of the most important labour leaders, Mr Francisco Herhe Mexican government's nandez Juarez of the telephone capacity to keep labour workers and Ms Elba Esther Gordillo unions under control may be of the teachers' union, resisted the 7 were getting nothing concrete in return either from the government

or business except promises to keep

prices down. What we saw is that the government has no political capital left with the unions," said political consultant Juan Pablo Sandoval. The government used to be able to offer goodies such as an elected office. public works contracts for union owned companies and the expecta-

tion of a brighter future. With politiand dashed hopes of economic growth, the government has less room to manoeuvre.

Guillermo Ortiz, finance secretary. about the need to reach an agreement finally swayed labour leaders, although the powerful electricity workers union failed to sign the final document. Mr Ortiz argued that investors had high expectations and that without an agreement financial markets would crash and the future for workers would be even bleaker. But the markets fell sharply anyway, thus hurting the government's

thing that may come to haunt economic officials. "The only thing the government has going for it (with room to manoeuvre.

An impassioned appeal by Mr to days of 100 per cent inflation. All the government has is promises That will probably be good enough for the short-term," said Professor Roderic Ai Camp, chairman of the Latin American Studies Program at Tulane University. With a projected inflation rate of 16 per cent and a 7 per cent wage increase 10 per cent for those at the very bottom of the wage scale the sacrifice from workers would be significant, but not out-

"But if the government doesn't ation, a pledge now added to the tic credibility tha pacto could be in trouble and unravel," sald Prof a foreign broker. "I know they have Camp, saying that the government to reduce demand but the governcould keep things together for about vear if it kept up its end of the inflation bargain. If prices rise too much "that time gets a whole lot shorter and the government could begin to lose it," he said.

Some are suggesting the real problem may not be between the government and unions but between union leaders and the rank-and-file. Labour leaders delivered votes for President Zedillo on the promise of a rise in real wages and additional job cre-

meet its targets and recover domes- growing number of broken promises.

ment should have given up a little What are the leaders going to say to their memberships?

Apparently not very much. As he walked out of the negotiations visibly upset, 94-year-old labour boss Fidel Velazquez showed that much of the wage control structure may turn out to be a chimera when he said after the talks: "Lots of things were said and I don't remember what they were".

David Pilling on how Mexico's financial crisis has hit another Latin American economy

Argentina battered by 'Tequila effect' Argentina

neues of people waiting anxiously outside banks is rarely a good sign. It is especially ominous in Argentina whera hyperinflation in the late-1980s saw a complete debasement of the local currency and led to the virtual collapse of the

financial system. It was thus with a sense of foreboding that, in the dying moments of 1994, economic observers watched hoards of Argentinians clamour to change pesos into dollars, the result of seeing the Mexican currency lose nearly 40 per cent of its value in a matter of

On December 28, Argentina's central bank was forced to sell \$353m, its largest single-day haemorrhage of dollars since the launch in 1991 of the so-called convertibility plan. Convertibility, the core of Argentina's radical economic reform, fixes in law the parity of the peso with the dollar and forbids the printing of local currency unless backed by foreign reserves.

The "Tequila effect", as the fallout from Mexico's crisis is being called, hattered Argentine markets, sending bonds plummeting, interest rates spiralling, and wiping more than 17 per cent from the stock exchange's blue-chip index in six days.

But the government held firm, pointing out important differences between Argentina's economic fundamentals and thosa of Mexico and repeating with mantra-like devotion that it would not devalue. Rather than that, Mr Domingo Cavallo, the economy minister, said Argentina would prefer to see the total "dollarisation" of its economy.

Government resolva appears to be working. Pressure on the exchange rate has eased, with



Menem: backing tough measures with an eye on the polis

days of 1995. Interest rates for call money, which at one point raced above 25 per cent, have fallen back to 17 per cent. The stock market reaction has been more erratic, with a recovery of 10 per cent nearly wiped oot when the Merval index closed 5

It may he too early to breathe easy. "When the calm comes, you don't know if the storm has passed or if you are in the eye of a hurricane, warns Mr Luis Secco, analyst at the Broda economic consultancy. The optimistic interpretation of events is that Argentina's exchange rate system now looks stronger after surviving a trial of fire. "The Mexican devaluation could eventually prove very positive for Argentina as it should lead to a de-coupling of Mexico and Argentina in investors'

Optimists point to Argentina's \$16bn reserves, sounder than Mexico's pre-crisis levels. Argentina too, because it has not developed a short-term debt market, is far less exposed than Mexico to a rapid withdrawal of foreign capital. Its bi-monetary system, in any case, has resulted in more than half all locat bank deposits

paces imports. Argentina's economy has grown by 33 per ceot since 1990

(compared with 11 per cent in Mexico), has seen inflation fall below 4 per cent and has shifted from consumer-led recovery to growth propelled by exports and investment. Under such circumstances, a

SE Merval Blue-Chip Index • 520 12% - 16% 430 Jan

strengthened the hand of Mr Cavallo, who is pushing for severe public spending restraint after the emergence of a fiscal deficit in the second half of 1994. President Carlos Menem has already vetoed congressional attempts to raise the 1995 budget and bas backed Mr Cavallo's insistence on a further \$1bn in spending cuts. Arguments of the pessimists

focus, instead on strains within the financial system and dependency on capital inflows. Because of high interest rates, low liquidity and falling assets (in the form of banks' bond holdings) smaller financial institutions have struggled to meet their obligations. The central bank, which planned to tighten banking regulations, has instead been forced to relax them temporarily to prevent a crisis. One wholesale hank, Extrader,

Mr Secco, who calculates that Argentina will need \$2.2bn in the first quarter to service its public debt, says it will be much more difficult - and far more expensive - to borrow on the international markets. In any case, Mr Cavallo has announced that no more voluntary debt will be placed while

markets remain in turmoil. Mr Secco says the Mexican crisis clearly demonstrates that "devaluation will not solve anything" and shows tbat "a policy of absolute exchange rate rigidity is better than a dirty float". In the unlikely event of a "catastrophic scenario", he says, pressure would begin with "the insolvency of the financial system" and a failure to "attract sufficient capital inflows".

Mr Secco is less worried about the financial system whose difficulties he describes as "minor" - than about fiscal laxity. Argentina's response to the crisis must be to "deepen its economic reforms". "Foreign investors are asking whether Argentina will end up like Mexico." says Mr Secco.
"This should not happen. But in order that it does not, the government has a lot of work."

Menem looks to middle class vote

By David Pilling in Buenos Aires

The choice of Mr Carlos Ruckauf, interior minister, as vice-presidential running-mate Argentina's President Carlos Menem for general elections in May is an attempt to boost support for the governing Peronist party among the country's middle-class voters.

Mr Rnckauf, 50, a long-serving Peronist and labour minister in the 1975 government of Isabel Peron, has the reputation of an unflamboyant, scandal-free politician, with a strong image in the federal capital of Buenos Aires.

The capital, where middleclass voters, disappointed with the government's free-market reforms hold significant sway, is widely regarded as the Achilles heel in President Menem's re-election bid.

Mr Menem, whose party was defeated last April in Buenos Aires constituent assembly elections, needs 45 per cent of the national vote to be assured of a second term. Opinion polls show him bovering just below that figure; the Peronists hope Mr Rnckauf will capture sufficient middle-class waverers to tip the balance.

The naming of Mr Ruckauf earlier this week ends months of speculation. Mr Menem, who admitted that he deliberately stoked the rumour mill as a campaign ploy that "did not cost the (Peronist) Justicialista party a centavo", had endlessly fed the press with many varied clues about the identity of his running-mate.

Mr Menem's choice, from a list of around 20, is aimed at keeping peace within the Peronist party.

Shying away from a long and arduous campaign

By Jurek Martin in Washington

Dick Cheney and Jim Woolsey though separated by political parties, now have something else in common beyond an abiding interest in national security, and thinning thatches.

Both President George Bush's defence secretary and President Bill Clinton's Central Intelligence Agency (ClA) director have essentially offered the same personat reasons for, in Mr Cheney's case, not running for the Republican nomination for president and in Mr Woolsey's, for resigning

in the words of the former. "I concluded I wasn't prepared to pay the price" of a long and arduous campaign. The latter had also spoken of the toll that government service takes on family life, when he quit just after Christmas.

Neither of them offered a political rationale for their

But Mr Cheney's withdrawal. in a surprise announcement on Tuesday evening, also bas the short-term effect of focusing attention on the national political ambitions of two otber veterans of the Republican establishment -Jack Kemp, the former congressman and housing secretary under Mr Busb, and James Baker, successively from 1981-92 White House chief of staff and secretary of treasurv and state.

Even the prospects of a campaign from former vice-president Dan Quayle are now under a medical cloud, He is back in hospital this week for an appendectomy only a month after an operation to remove blood clots.

While this may reoder him fit for the long struggle, it takes him out of some of the initial and important stumping

and fund-raising. Mr Kemp has scheduled a dinner with old friends and advisers next week to talk about whether to contest the nomination. This now seems in doubt, given the unpopularity in the dominant conservative ublican circles of his Ideas for vigorous government Intervention to relieve the plight of

the inner cities. Mr Baker could conclude that Mr Cheney's withdrawal leaves him as the only potential candidate with real foreign policy credentials, but his distaste for electoral politics and his reading of the Republican mood may also lead him to decide to fold his tent.

Certainly, the Republican-controlled 104th Congress, which convened yesterday, is dominated by domestic considerations, much as the 103rd was, after Mr Clinton's election. Of the prospective Republican candidates, only Senator Robert Dole, the majority leader, makes much of foreign policy.

He confirmed yesterday that he plans to introduce legislation soon to force a unilateral end to the Bosnian arms embargo by May 1 and to prohibit US forces from ever serving under a UN com-

mander. If passed, the latter could complicate aoy residual US military presence in Haiti when the UN assumes pearekeeping authority.

But little on the external front is heard from the 1wo proto-candidates most advanced in their political planning - Senator Phil Gramm of Texas, due formally to declare on February 23, or Lamar Alexander, another ex-Bush cabinet member and former governor of Tennessee or from the frequently mentioned gaggle of Republican governors.

Mr Cheney, reassuringly experienced, bad last year seemed to position himself tactically in a potentially large field as being everybody's second choice, not disadvantageous given the obvious handicaps of other candidates (Mr Dole's age, Mr Gramm's strident conservatism, Mr Quayle's indifferent record, to name but three).

But he did say on Tuesday that he would support the Republican nominee whoever

This not only suggests he would be back in government harness in a Republican presidency but also could be read as a warning to his old and close colleague, retired Gen Colin Powell, not to pursue the independent candidate route. Whether the former head of the Joint Chiefs of Staff takes thet as an invitation to declare himself a Republican remains to be seen.

Brazil hit by trade deficit

By Angus Foster in São Paulo

Brazil's trada belance want into daficit in December as rapid economic growth of more than 45 per cent and an over-valued currency sucked in

The deficit will stoke busi-

ness complaints that the unof-

ficial trading band for the Real currency should be relaxed to prevent Brazil copying Mexico's experience of a mounting trade deficit and reliance on overseas capital. Preliminary figures show the December deficit at R\$500m, (£361.6) the higgest monthly deficit since September 1980. The December-figure is also nearly twice as high as the R\$262m deficit in November,

1987 that Brazil had recorded a trade deficit. Despite the year end surge in imports. Brazil is expected to record an overall trade surplus

which was the first time since

last year of about R\$11bn. The Real currency, which has brought down inflation sharply, has appreciated about 15 per cent against the US dollar since it was introduced in July. Businesses have compensated for lost export competitivity by switching sales to the domestic market, where they face growing foreign competition as import barriers hava

the US dollar, hoping to squeeze inflation out of the economy. But other ministers in the newly installed government of President Fernando Henrique Cardoso are known favour relaxing the exchange rate to protect Bra-



chaser of dollars in the first

per cent lower at 443.38.

minds," says Baring Securities.

being made in dollars. Although Argentina's trade deficit of \$5.5bn is high, the optimists argue, it is proportionately about half that of Mexico's and beginning to shrink as export growth out-

12% davaluation makes no sense, the argument goes, especially in an election year when economic stability is the principal campaign slogan of the governing Peronist party. Furthermore, says Barings, the whiff of catastrophe has

failed to weather the storm and

Central bank's move seen as prelude to wider reforms

China planning rates rises to hit inflation

China's central bank is expected to undertake a series of small increases in its lending rates to banks and companies, in a move to cool inflation and ease pressure on troubled Chinese

In the wake of a small rise in the discount rate of the People's Bank of China, effective from Sunday, Chinese financial experts quoted by the Xinhua news agency yesterday predicted that

further increases were in the offing.

In the first rise in interest rates since 1993, when rates on bank deposits and loans rose twice in four months, the People's Bank of China raised its discount rate by an average of 0.24 percentage points and on loans for fixed

NEC considers

computers for

By Michiyo Nakamoto in Tokyo

Japanese computer maker.

nese market.

Chinese PC market.

Chinese market

China is growing in interest for computer

makers because of its promising market. US makers, such as IBM, and Taiwanese manufacturers have already established facilities there while Apple has indicated its intention to do so.

Microsoft, the US software company, also recently said it would develop software for the

Chinese market.
The Chinese PC market is expected to have a strong future, with unit sales of an estimated 630,000 in 1995, rising to 4m by the year 2000,

according to industry estimates. While most of the PCs will be used by businesses and public

institutions. Chinese consumers are expected to

show more interest as prices come down, "Chi-

nese consumers are keen to try out new prod-

NEC expects to procure most of the PC compo

nents in China where there are already about 10 PC manufacturers and a manufacturing base for

electronic parts. But main components such as

the microprocessor will have to be imported

from third countries, NEC said. The Chinese market for PCs offers NEC an

attractive prospect at a time of stiff competition

in its home market. PCs are still in demand in

Japan but NEC, which has a market share of

about 50 per cent, is facing intense price compe-

The company recently said it would introduce

ucts," an NEC representative said.

tition from overseas manufacturers.

asset investment by 0.78 percentage points. Central bank officials said this was the first time that rates had been used to control money sup-

To date in China, lending has not been carried out on commercial terms but through direct bank lending to keep loss-ridden state-run indus-tries afloat. Reversing this practice, officials said, the bank increased interest rates on loans to commercial banks, then allowed them to raise the rate on loans to enterprises

This indicates that central bank has begun to pay attention to bringing its operations into line with international practice. We can see it as a prelude to the reform of the country's interest rate system," Mr Tao Liming, an analyst with the Finance Research Institute under the Bank

curbing inflation without raising the debt load further on heavily indebted state enterprises, almost half of which are losing money. For 1994, the government reported that retail prices rose 21.7 per cent and the consumer price index 24.2 per cent compared with the previous year. Because of soaring inflation, bank interest rates remain negative, even with the most recent

The interest rate increase is also intended to ease pressure on banks caught in the gap between rates on bank loans and deposits, the news agency said.

Throughout 1994, the rate on one-year deposits stood at 10.98 per cent, on a par with the rate on

of China, was quoted as saying.

The central bank's rate increase is directed at also paid subsidies on fixed deposits of three loans. But starting in March, commercial banks years to cushion their hard-pressed industrial

Facing a tight ceiling on bank lending as a part of the government's anti-inflation effort and rapidly growing individual savings, the banks were squeezed, the news agency said.

However, taking effect in January, the central bank set the interest rate subsidy at a record high of 9.84 per cent for deposits of three years and above, reflecting the planned upward trend in rates, according to Reuters. The subsidy is paid on top of existing interest on fixed daposits of three, five and eight years, standing at 12.24 per cent. 13.86 per cent and 17.1 per cent respec-



Anti-government protesters march through Dhaka streets during yesterday's general strike

Dhaka opposition tightens screws

Richard Galpin on the growing protests against the Bangladeshi government

prosition leaders in Bangladesh announced a further programme of action yesterday aimed at forcing the government to resign and hold early general

Later this month there will be a blockade of all road, rail and river transport throughout the country as well as a series of demonstrations and a mass rally in the capital, Dhaka.

The announcement was made at rallies in the capital held at the end of three days of general strikes which caused serious disruption in the city. Most businesses and shops have been closed for eight hours every day since Monday and the Dhaka Stock Exchange has not opened for business at all.

At a rally of the main opposition party, the Awami League, Mr Zillur Rahman, the party's general secretary, made a direct appeal to the president to dissolve parliament and call elec-tions under a neutral caretaker administration.

visit to the country by Mr Douglas Hurd, the British foreign secretary. Speaking to reporters in Dhaka, Mr Hurd warned that if the political crisis continued it would have a particularly harmful effect on investor confidence.

There is undoubtedly a link between political stability and investment," Mr Hurd said. Friends and potential investors are anxious to see a political solution so that economic reform

ut Mr Hurd said he believed the differences between the government and oppo-sition were not great. He also emphasised how impressed he had been by the turn-round in the Bangladeshi economy in recent years. Economic growth reached 5 per cent in the year to June, the government deficit has been slashed, savings have increased and the current account

deficit is now just 2 per cent of GDP.

But the political crisis threatens to undermine this. It began last March when the main

elections. Opposition leaders accuse the government of rigging a number of by-elections since it came to power in 1991 and argue that it must step down before the next general elections to

ensure voting is free and fair.

Despite strikes, transport blockades and other demonstrations last year the government refused to give in to the demands, saying they were undemocratic, unconstitutional and unprecedented.

Even the mediation of a special envoy from the Commonwealth last October failed to secure agreement. As a result, when an ultimatum to the government expired last week, almost all the

opposition MPs resigned from parliament. Since the resignations the opposition parties have changed their demands, saying they now want the government to resign immediately and hold elections within the next few months.

So far the government has given little indication of what it intends to do, other than to say unprecedented Y100,000 (£641) for a 32-bit threatened to intensity its campaign with more opposition parties started boycotting parliament be found. But time is now short and without a

machine with a 496 microprocessor, about 40 per general strikes likely to be announced. in support of a demand for a neutral caretaker settlement there are fears of serious confronta-This week's disruption has coincided with a administration to supervise the next general tion on the streets. cent below its previously cheapest model. Rao commits his government to economic reform

By Alexander Nicoli in Calcutta

Mr P V Narasimha Rao, India's prime minister, yesterday committed his government to pursuit of ecocomic reform, despite recent electoral reverses which have brought calls from within bis party for a more populist approach. Mr Narasimha Rao told the

centenary conference of the Confederation of Indian Industry in Calcutta: "We are firmly committed to our reforms programme and shall move for-

The prime minister sought to re-define the direction of reforms in his first significant speech since defeats in state elections in early December and subsequent resignations from his cabinet brought a cri-sis at the top of the ruling

Congress party. He gave no indication of further measures to open the economy, but firmly rejected charges that reforms were against the Interests of the poor and that the country was being sold off to foreigners.

silence party critics loosely grouping themselves around Mrs Sonia Gandhi, widow of Mr Rajiv Gandhi, though she has given no indication that she wishes to enter politics, Mr Rao said reforms had been initiated by Mr Gandhi and had been accelerated by the financial crisis of 1991. "The reforms were based on the

The scale of foreign investment was encouraging but "takes us nowhere near fulfil-ment of our requirements".

gains of the earlier policy," he

Some 80 per cent of foreign proposals were in infrastructure projects which had a long gestation period. "Once these come on stream, the tangible benefits of increased prodoction and employment will be there for all to see."

It was not the case that foreign investors were only interested in getting into Indla's consumer goods market. "A few high-visibility cases can cause a misleading impres-

The prime minister said

face and promised be would continue to introduce measures "designed to reach those the benefits [of reform] with a time lag".

But he rejected palliatives intended to reduce the problems of the poor, since these would ultimately only aggravate the problem

Mr Rao admitted the govern-ment had not done enough to get the reform message across. There has to be a huge, intensive and continuous campaign of educating the masses of the people in their own idiom, so as to remove the highes in perceptions which so often causes upbeavals."

The progress of reforms thus far was due to their wide acceptance. "Yesterday's opponents bava become today's

On the platform with him was Mr Jyoti Basu, communist chief minister of West Bengal, of which Calcutta is the capi-tal. West Bengal is winning wide praise for its embrace of

Indian textile and clothing deals welcomed

Shiraz Sidhva and Nancy Dunne on accords with the US and EU under which Delhi will ease tariffs and gain greater market access

rade officials yesterday welcomed two agree-ments between the US, the European Union and India which will open the Indian market to foreign textiles and

clothing.

Mr Mickey Kantor, the US trade representative, said the deal represented "a very positive step" in improving US-Indian trade relations. India is the last textile exporting signatory to the General Agreement on Tariffs and Trade to agree to open its own markets. This agreement means that

our textile trade can take place on a fair, stable and more long-lasting basis," Mr Kantor said. The agreements, signed sena-

rately in Washington and Brussels, will give India greater market access to the US and EU, which together account for more than half India's textile and apparel exports. In return, India has agreed to a phased dismantling of its tariffs and

Mr G Venkat Swamy, India's minister of state for textiles, said textile and clothing exports, worth Rs211.87bn to March 1994, were likely to increase by at least Rs100bn

over the next three years. India will reduce tariffs by 65 per cent on the fabrics listed in the agreement by January 1 increased imports as US textile

1998 and remove quantitative restrictions on more fabrics and made-ups from the begin-ning of 1998, according to Mr T.S.R. Subramanian, a Textiles Ministry official. Importers will no longer

need special permission to import the fabrics listed, he said, but clothing was not covared by the agreement, and would be freed from restric-tions only in 2002. However, India said that the

two agreements contained a "safeguard clause" under which tariffs would return to January 1 1990 levels if the integration process planned under the Uruguay Round world trade agreement "does not materialise in full" or is

delayed. US producers have been split over the effects of trade liberalisation, but the American Textile and Manufacturers Institute is backing the deal, which it says gives producers of home furnishings, industrial and apparel fabrics and yarns access to a new markat of some 300m well-off customers.

The Indian market, which is larger in total than the US market, offers our industry the opportunity to increase exports significantly thereby offsetting some of the adverse impact of

Bombay Budweiser Anheuser-Busch of St Louis, US, brewers of Budweiser, the world's largest-selling beer, have formed a partnership with the Bombay-based Shaw Wallace, giving the Indian company rights to license, brew, package, market and distribute the Budweiser Shiraz Sldhva writes from New Delhi. The launch is scheduled

for later this year before the peak summer season. Budweiser will be competing with international brands including Heineken, Holsten and Carlsberg, all poised to enter the Indian market.

and apparel quotas are liberal-The US and EU have freed handloom products and cotton made-ups (such as bed and table linen) from quota restrictions. The EU has done the same for cottage industry prod-

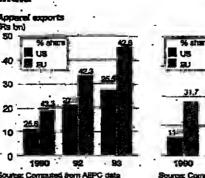
Indian mills, handlooms and the cottage industry have been substantially displaced by powerlooms, which now account for nearly two-thirds of Indian textile output. There has been little sympa-

thy for the mill owners' plight during this restructuring, but the decline in handloom and hand woven products has been a highly emotive issue.

There are more than 3m handloom households in India, earning less than \$25 a month. and bandloom weavers have been reported to be starving in some regions. The government is optimistic that the new agreements will help generate employment in these labour in-

Indian mill owners have criticised the government for pro-tecting only the interests of the handloom sector, and are annoyed that the easing of clothing quotas has been restricted to certain types of producers. They argue that the benefits from the agreements have been denied in those areas with the greatest potential for increased volume and

added value. Exporters also question the raising of quotas as a means of boosting the country's textile industry. India's quota utilisation in some categories has dropped to 65.6 per cent in 1994 from 89.4 per cent in the previous year, according to a recent report submitted to the Textiles Ministry by the Delhi-based Garmant Exporters'

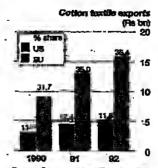


end to the minimum price system, which, it believes, has been far more damaging to textile exports than quotas. Minimun prices have made many Indian goods, especially casual wear and children's clothing, less competitive on the inter-national market. The US had been particularly

concerned that the concessions might result in a flood of Indian goods in its markets. India's agreements with the EU and US followed India's mova to amend its protectionist Patents Act to permit multinational corporations to spply for patents on products in the agricultural, chemical and pharmaceutical sectors. India's previous law allowed patents only on processes rather than

on products in these sectors.

India was required to amend Page 11



the World Trade Organisation, the sucessor to Gatt, which began operating at the turn of the year. India and the US have also

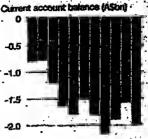
resolved last year's controversy over the export of traditional Indian skirts made of rayon, which the US banned for over a month after a consumer protection group termed them "dangerously flamma-

The Indian government late last year said it had established a testing and certification programme to ensure thet all rayon chiffon skirts exported to the US complied with US flammability stan-dards. India exported more than Rs1bn worth of the skirts to the US last year. Dreams behind the scenes,

INTERNATIONAL NEWS DIGEST

Australia deficit widens to A\$2bn

Australia



Australia's current account deficit widened to A\$2,002bn (US\$1.55bn) in November the second time the figure has topped A\$2bn in four months. The November figure, calculated on a season-ally adjusted basis, compared with a revised A\$1.558bn deficit in October and a A\$1.145bn deficit for November 1993. It means the cumulative current account deficit for the 1994-95 financial year

stands at about A\$11.2bn, a 50 per cent increase over the first five months of 1993-4. Many economists now fore-cast that Australia's deficit for the year will reach A\$22bn-A\$23bn, or about 5 per cent of

for the year will reach A\$22bh.A\$23bh, or about 5 per cent of gross domestic product. The government's budget estimates, issued in May last year, suggested an A\$18m deficit.

The latest figures showed that imports rose by about 3 per cent in November, while exports dipped by about 2 per cent, to A\$5.486bh on a seasonally adjusted basis. The latter result was better than some forecasters had feared, largely because rural exports - thought to be depressed by the effects of the drought in eastern states - ruse by 2 per cent. However, it is generally

exports - thought to be depressed by the effects of the drought in eastern states - rose by 2 per cent. However, it is generally acknowledged that the drought-related squeeze on rural production will show through in due course.

The latest figures, although discouraging, were in line with market expectations and confirmed its view that fiscal policy would have to be tightened soon. Australia has already raised interest rates three times glace. interest rates three times since August in an effort to check its merest rates three times since August in an effort to the a surging economy. However, the federal government is still running a sizeable budget deficit, and there is pressure to accelerate the move to break even – probably through tax increases. Mr Ralph Willis, Australia's treasurer, indicated before Christmas that this option would be considered when the mid-year review was undertaken this month, prompting speculation that some tax moves will be announced before the next budget in May. Nikki Tait, Sydney

Thai reform may hit minister

The position of Thailand's foreign minister, Mr Thaksin Shina-watra, has been thrown into doubt following the passage of a package of constitutional amendments by the Thai parliament yesterday which forbids cabinet members from holding government concessions.

Mr Thaksin built the country's biggest telecommunications company, tha Shinawatra Computer and Communications group, on his ability to win government contracts. The foreign minister has resigned as Shinawatra's chairman in favour of his wife, but may be vulnerable to the accusation of abusing at least "the spirit" of the new laws. Mr Thaksin said yesterday he would decide by next Tuesday whether to resign or not.
"Legitimacy will be the keyword when I'm making up my
mind about what I should do about my cabinet portfolio." The entrepreneur was a surprise appointment to the sensi

tive foreign affairs portfolio late last year when the leader of the Palang Dharma (Buddhist Force) party, Mr Chamlong Srimuang, sacked all 11 of his party's ministers to try to boost his party's flagging popularity. William Barnes, Bangkok

Palestinians shot dead

Israeli soldiers yesterday shot dead four Palestinians in the West Bank village of Beit Liqia near Ramallah, Israeli security sources said. They said the troops opened fire after gummen shot at the soldiers and wounded one. The incident came as soldiers were also reported to have wounded four Palestinians in two clashes at the Erez crossing between Israel and the Gaza Strip. As with a more serious incident at the same spot on Monday, when three Palestinian policemen were shot dead, each side accused the other of opening fire first. An Israeli military spokesman said Israeli sentries at the checkpoint came under fire from within the Palestinian-controlled area, and shot back. The second exchange followed when shots were fired from an orchard at an Israeli position south of the

A Palestinian spokesman claimed the Israelis fired first at the checkpoint. "They were not provoked," he maintained.

Despite the continuing friction, Israel's Prime Minister Yitzhak Rabin and Mr Yassir Arafat, Palestine Liberation Organisation chairman, meet next week to try to revive the momentum of the peace negotiations. Eric Silver, Jerusalem

Nigeria in gas supply deal

Nigeria's oil minister, Mr Don Etiebet, and his counterparts from Benin, Togo and Ghana have signed an agreement in principle for Nigeria to supply natural gas to the three West African countries and possibly Cote d'Ivoire. The agreement would come into effect after the completion of a pipeline and other facilities in 1998. The project developer, as yet unnamed, will be responsible for raising \$260m to finance the scheme. Chevron, the producer of the gas, MAN the German power group, and US investors expect to form a consortium for the project. According to a World Bank study, carried out by Italian consultants Bain, Cuneo Associates in 1992, the project could reduce primary energy costs in the region by \$500m over could reduce primary energy costs in the region by sourm over 20 years. The potential demand from neighbouring states for Nigerian gas is expected to rise from 50m cu ft per day in 1998 to 160 mcfd in 2018 thanks to expanding power generation. The supply will be from Chevron's West Delta field near the Escravos terminal in mid-western Nigeria. Paul Adams, Logos

Space shots for Woomera

Australia and Germany yesterday signed an agreement to allow a German-Japanese experimental space capsule to land at Woomera. South Australia, this month. It is the first agreement for a non-military launch in one country, in this case Japan, and recovery of the capsule in another. In the 1960s and 1970s, the Woomera rocket range was a significant base for UK and European launch activity, and at one stage Australia could boast it was only the third nation from whose territory a satellite had been launched. Yesterday, officials said they hoped the latest agreement would reinforce Australia's credentials and encourage the re-use of Woomera as an international space facility. Another project was already under consideration, but no details were given. The German-Japanese consideration, but no details were given. The German-Japanese constitute will be latinched from the Kaonshima Space Centre apsule will be latinched from the Kaonshima Space Centre and the constitute of the co sule will be launched from the Kagoshima Space Centre on January 15 and, after orbiting the earth, should land at Woomera on January 21. Nikki Tait, Sydney

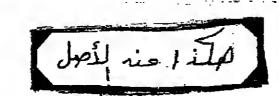
Taiwan hint on China shipping Taiwan's vice-premier Hsu Li-teh has given Taiwan's highest-level and clearest endorsement of a plan to allow direct ship-ping from the island to China, challenging a decades-old ban. Mr Hsu, who is also head of the nation's top economic planning body, said the southern port of Kaohsiung should be designated an "offshore" shipping centre from which ships should be allowed to sail directly to China. Taiwan has banned all direct links with China since 1949. All legal trade, invest ment, post and other traffic between the two now goes through such third territories as Hong Kong. Reuter, Taipet

Pope's visit boost for peace

The plan for a two-day visit by Pope John Paul II to Colombo later this month helped seal this week's ceasefire agreement between the Sri Lankan government and the Tamil separatist rebels, officials said in Colombo yesterday. More than 10,000 formilies from the northern Jeffra Beringule plan to travel to families from the northern Jaffna Peninsula plan to travel to Colombo to see the Pope when he arrives on January 20.
Under the agreement, details of which will be given to parliament tomorrow by President Chandrika Kumaratunga. no armed action will be taken by either side from mid-January. Mervyn de Silva, Colombo



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EURSIAN MANUARY

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Cost of transatlantic calls will fall further

The cost of telephone calls to North America seems set to fall regularly for the foreseeable future. Business and residential customers will benefit as telecommunications operators vie for a larger share of one of the world's

busiest and most lucrative routes. Mr David Hardwicke, UK chief execubve of IBD WorldCom, said average prices had fallen by one third in the past three years and he expected a further one third decline in the next

Mr Kevin Langford, telecoms ana-

Ruling

lyst with Flemings Research in London, said: "The large profits being made by operators on this route"

20 per cent of the 3hn minutes a year of outgoing calls from the UK. Calls to the UK represent 7.2 per cent of the leaves a lot of potential for price cut-

Mercury Communications, the UK's second-largest carrier, began the latest round of price cutting just before the new year, and British Telecommunications soon responded. Msrcury, owned by Cable & Wireless of the UK and Bell Canada, said yesterday its prices would soon be reviewed. The battle for market share in a

critical route is clearly hotting up. Calls to the US represent more than

7bn minutes of calls which go ont every year from the US.

There was no surprise among analysts that BT should have chosen to cut transatlantic prices to belp to offset its announced increases in UK line rental charges. BT and Mercury may have the biggest share of the west-bound transatlantic business between them but there is no shortage of competition. They are only the largest of many companies with licences to offer transatlantic telephone services from

the UK. Others include IDB World-Com, US Sprint, ACC, Esprit, MFS and Colt. Among the newcomers are

The effect of competition from these Telia UK, a subsidiary of the Swedish etate owned telecommunications group, and Telstra of Australia. In total, however, these companies have less than 10 per cent of the market.

The most significant new entrant will be American Telephone and Telegraph, the largest US carrier, which won e full UK operator's licence last month, AT&T has announced a joint venture with Unisource, a consortium of European telecoms operators designed to offer cophisticated ser-

"resellers" - some of wbom are charging less than half BT's rstes - has been to bring prices down sharply on the east-west transatlantic route. Mr Michael Hepher. BT group managing director, said his company's custom-ers get a hetter deal than the Americans on transatlantic calls. When BT's latest price cuts take effect, he said, its customers would be able to make daytime calls to the US for less than half the price of calls made in the other direction.

UK NEWS DIGEST

Airlines insist court battle will proceed in US

Mr Richard Branson's Virgin Atlantic airline and its rival British Airways insisted yesterday their legal battle over the so-called "dirty tricks" affair would go ahead in the US, with BA promising to "meet Mr Branson in court". The insistence by both airlines that it was too late for an out-of-court settlement followed Tuesday's US court ruling granting Virgin Atlantic permission to proceed with a \$1bn anti-trust suit

The auit alleges that BA used its monopoly power at London's airports to try to squeeze out Virgin on transatiantic routes. It was launched in 1993 after attempts to reach a compensation agreement between the two eides broke down. Virgin has demanded minimum damages of \$325m, but US courts have the power to treble that.

7.17

down on

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Tuesday's ruling did, however, grant BA's motion to dismiss five of Virgin's eight original claims, including a challenge to BA's investment in USAir. The ruling aroused speculation that BA would resume attempts to reach an out-of-court settle. ment. But Virgin said yesterday it had beard nothing from BA.
Neil Buckley, Consumer Industries Staff

Duke to visit Dresden

The Duke of Kent is to visit Germany to mark the 50th anniversary of the destruction of Dresden by RAF and USAF bombers in 1945. A firestorm in the raid killed between 30,000 and 60,000 civilians. The theme of the visit from February 12 to 14 will be "reconciliation with a view to co-operation and partnership", said a spokesman for the duke, who is a patron of the Anglo-German Association.

of the Anglo-German Association.

The duke is visiting the German city at the invitation of the Mayor of Dresden. He will be accompanied by the bishop of Coventry, an English city heavily bombed during the Second World War. The duke – whose father was killed in a plane crash while on active service in 1942 – will present plans for a cross to be placed on a new church replacing one destroyed in the bombing. PA News

Reserves rise by \$62m

Britain's underlying gold and currency reserves rose by \$62m in December, the Treasury said. The rise was higher than forecast, with most analysis expecting no increase in underlying reserves. But the overall level, which includes more erratic elements such as tenders, fell back slightly. By the end of December, the overall level of UK official reserves was \$43.9bn, down from \$44bn at the end of November.

This overall total included a December tender of Ecu treasury bills worth \$1.1bn, and the maturing of Ecu treasury bills worth \$1.1bn. There was also \$22m of repayments of borrowing under the public-sector exchange cover scheme, with British Nuclear Fuels repaying \$6m. The overall total was also affected by long-term capital repayments of \$144m.

Gillian Tett, Economics Staff

Plea over livestock exports

Port authorities at Shoreham on the south coast of England, scene of violent protests by animal rights activists, appealed to the government to provide better police protection or ban the trade in live animals. Mr Philip Lacey, port manager, said: "It is quite wrong for us to be caught in the middle of all this. The only circumstance in which a port can decline any legal trade is if the port's facilities are already fully used.".

Violence flared outside the port on Tuesday night as hundreds of demonstrators blocked trucks trying to transport caives and sheep to mainland Europe. Compassion in World Farming, one of the organisers, said it was appalled at the violent protests by "a tiny minority" of extremists.

Alison Maitland, Farming Staff

Windsor oil test passes hurdle

A committee of Berkshire County Council gave temporary planning permission for exploratory drilling for oil and gas near Windsor Castle, one of the Queen's residences. The scheme, by Canuk Exploration, involves a borehole 300m to 400m deep in Windsor Home Park, 600m south-east of the castle. Councillors voted after a stormy debate to allow drilling over eight weeks.

Mr John Maisie, a councillor who represents the Royal Borough of Windsor and Maidenhead, said there had been letters from Japan, the US, Canada, Brazil and Israel protesting at the effect of drilling. "The castle and Home Park must surely be at the very heart of our national heritage with over 4m people visiting it." There were cries of "shame on you" from a number of councillors as the application was approved with a show of hands. PA News

Good causes' seek cash



Requests from good causes for National Lottery money topped the £1bn mark yesterday -the first day administrators were accepting formal applications. There is £96.5m available for the lottery's five good causes of the arts.

Sport, heritage, charities and the Millennium Fund. More than 50 applications were delivered to the Arts Council, the Sports Council, the National Heritage Memorial Fund, and the Millennium Fund. The National Lotteries Charities Board will not be open for business until later in the year.

Bidder for hospital is named

A Middle East consortium is the "preferred bidder" for the troubled Health Care International Hospital in Scotland, staff were told. The consortium, led by the Abu Dhahi Investment Company, has agreed a price and the main conditions of sale with the receivers.

Bankers called in the receivers in November only a few

months after the hospital was officially opened. It failed to fill its 240 beds, 21 operating theatres and nearby hotel. Opposition politicians attacked the project, which received £40m in public money, as a white elephant. PA News

PLAYER BANNED: Former Great Britain rugby winger Barry Ledger was yesterday suspended from playing for six months after being tested positively for cannabis. The ban followed the results of tests made last November. The Rugby League Board said it was "determined to reinforce rugby league's image as a

IDENTITY CARDS FAVOURED: Most businesses favour indentity cards as a way of combating credit card and other fraud, a British Chambers of Commerce survey indicates. UK citizens are not required to carry identity cards unless they leave the country. The survey, based on a nationwide sample of chambers and other professional associations representing nearly 44,000 businesses, showed that 98 per cent favoured a national

POLICE FACE CHARGES: A record 400 motorists including at least six police officers will face Christmas drink drive charges in Northern Ireland. Chief Superintendent Eugene Kearney, head of the Royal Ulster Constabulary traffic branch, said: "It's inevitable that in a campaign of this scale some police officers will be tested. If found over the limit they will face the

SUNDAY OPENING: Theatres in London's West End owned by Mayfair Theatres and Cinemas are to open regularly on Sundays from March after a deal between the company and the technicians' trade union Bectu. Equity, the actors' union, said: "If this improves the prospects of theatres, we would be in favour of it. But the package has got to be right — we would expect a substantial payment for members working on a

may speed **Polly Peck**

payments

A High Court ruling has paved the way for creditors of Polly Peck International, part of the collapsed business empire of fugitive businessman Mr Asil Nadir, to get an interim pay-ment of 1.5p in the pound (1.5 per cent) by the end of June this year.

The administrators of PPI yesterday announced a series of developments in their longrunning efforts to secure the assets from the group, which collapsed in 1990 with debts of

more than £1bn. "Things are now moving at a rapid pace and we can see light at the end of the tunnel," said Mr Christopher Barlow, the lead administrator and a partner in accountants Coo-

pers & Lybrand. The High Court has ruled that the administrators can begin to pay creditors through a scheme of arrangement If they secure majority agree-ment of creditors, or 75 per cent agreement hy creditor

This will be the first formal step in the process of distributing funds.

Yesterday's announcement follows the signing of an agreement with the creditors of PPI Holdings BV, a Dutch company, which will allow an initial \$53m to flow to PPL Funds ronted through the holding company include pro-ceeds from the sale of the Del Monte fruit company.

The deal puts in place an agreed formula for the distribution of future assets realised from the Polly Peck Group and should mean that they will flow relatively smoothly to the creditors of PPL

Mr Barlow said progress had also been made in securing the assets of the PPI group in Turbeen appointed to control the assets but this order had now been overturned.

This is a significant step forward in Turkey and we are pleased that the Turkish courts bave agreed with us that the appointment of a curator was not appropriate," said Mr Barlow.

Assets in Turkey include Vestel, nn electronics company, and Meyna, a fruit packaging business. He added that negotiations were currently nder way with two potential hnycrs of the assets of the group in the breakaway republic of northern Cyprus.

Sacked bus drivers launch free service

By Andrew Bolger, Employment Correspondent

Bus drivers sacked for going on strike have set up a free minibus service at Chelmsford, 50km north-east of London, in competition with their

employer. The 103 drivers were dismissed in November by East-ern National, a subsidiary of bus operator Badgerline after tbey took industrial action over working hours.

In addition to picketing, their union, the TGWU general union, once the largest in Britain and one of the most powerful, has been running two free buses for the past two weeks. The keys to another two were handed over to the drivers yesterday by Mr Bill Morris, the union's general sec-

retary. Unions have been looking for ways to pursue industrial disputes that do not inconvenience the public Eastern National quickly recruited substitute drivers to replace the sacked workers and said its services were now practically back to normal. Its Chelmsford depot runs 80 buses.

Mr Graeme Varley, Badgerline's managing director, said: "The union's service has been pretty peripheral - it is obviously being done on a propa-ganda basis." The TGWU is considering operating up to six free vehicles. It said its service was more than a gesture, and would operate for the foresee-

able future. When the company advertised the vacancies caused by the dismissals, it received more than 400 applications. Mr Mor-ris met Eastern National managers at Chelmsford yesterday, but they refused to reinstate

the strikers. The union said its buses were fully insured for passengers. Because they are minibuses and no fares are being charged, no operator's licence was required. Badgerline, floated on the

stock market in 1993, is one of a small group of companies which has been rapidly consolidating the UK's fragmented Now Britain's second largest

bus industry bus operator, it started as a buy-out in 1986 as part of the government's privatisation



Drivers sacked last November operating their rival service yesterday

MPs urge minister to | Inflight satellite quit over prison scandals information link

By Kevin Brown,

Opposition MPs yesterday demanded the resignation of Mr Michael Howard, the bome secretary, in the wake of two nights of rioting at Everthorpe fail in north-east England and the escape of three dangerous prisoners from Perkhurst on

the Isle of Wight. Mr Jack Straw, the Labour party's shadow bome secretary, said Mr Howard's job was "on the line" following last year's breakout by members of the Irisb Republican Army from Whitemoor high security prison in central England. where police also discovered a hoard of Semtex explosive.

Mr Straw said there was "mounting evidence that Mr Howard'a agenda for privatising the prison service, to enable some companies to make money ont of incarcerating prisoners, was leading to a most significant diversion of

management time". He also claimed that the government's decision to establish the prison service as an inde-"huge confusion" over respon-

The governor of high-security Parkhurst jail was told that prisoners had a master key two days before three dangerous inmates used it to escape, warders said last night. They said they had told Mr John Marriott, the governor, they believed prisoners had a con of the key, and that be failed

to act The news emerged tonight, bours after the Prison Service admitted its own inefficiency was to blame for the escape of two murderers and an arsonist from the jall sometimes described as Britain's Alcatraz because of its island site off

Howard said he would resign if the problems at Everthorpe or Parkhurst were shown to be caused by policy decisions. But he denied claims that overcrowding or cost cutting were to blame. "I accept ultimate responsibility for the prison service . . . but what people want to know is who did what when things went wrong," be

told BBC radio. in a further embarrassment for the prison service, Judge Stepben Tumim, the Inspector of Prisons, said he had warned sibility for operational control of "serious security defects on of security at prisons. Mr a broad front" at Parkhurst

have boarded a ferry to the last year. Judge Tumim said that his comments were passed to Mr Derek Lewis, director of the prisons service, who said something would be done right. away. "I assume some action was taken but it has not been effective," the judge said. Mr Lewis said that Judge

the south coast of England and

News that a key was used

added to the embarrassment of

the service, which promised to

step up security at the prison

after failure to "follow basic

security procedures". The

three escapees had up to two

bours or more to get away

after letting themselves out of

a gymnasium, unlocking a

workshop and assembling a

ladder. 200 police continued a

land, sea and air search around the island last night

Fears grew that the men may

its high-risk inmates.

Tumim's note suggested that the main trouble was inadequate searching and that his recommendations on that had been implemented. The Prison Officers' Associa-

tion said competition from the private sector had triggered a "crisis" in the prison service.

for BA aircraft

By Paul Taylor

Airline passengers will soon be new satellite navigations and able to shop from an electronic air traffic management catalogue, make flight and systems including automatic hotel reservations and retrieve financial information without leaving their seats - by using satellite communications tech-

nology installed early this year in British Airways and Singapore Airlines aircraft, bas been developed by Racal/Honeywell in partnership with BT and highlights the growth of the world market for airborne digital communications.

From a passenger cabin seat information is transmitted to the ground via Inmarsat's satellites using Racal/Honeywell's Satcom equipment and BT's airline interactive services processing centre.

The new inflight services application of the next genera-

tion Data-3 - an Inmarsat X.25 standard for the support of high speed packet-switched

of fuel and other costs. British Airways and the Civil Aviation Authority in the UK and Air France and the French air-traffic control organisation. Service Technique de la Navigation Aérienne, have been testing for the past 18 months

a prototype ADS unit devel-oped by Racal. The Franco-British trials are system represents the first to be extended to 10 other aircraft this summer Eventually Racal belleves

technology will permit the

introduction of sophisticated

dependent surveillance (ADS

systems in which a stream of

data is fed back automatically

from the aircraft to the air traf-

fic controllers on the ground.

Using ADS systems com-

puter automatically would

allow aircraft to fly closer together while maintaining

safety standards and could

lead to airline savings in terms

Data-3 technology it will put it in a strong position to bid for contracts for the next genera-In addition to passenger tion of "gate-to-gate" flight interactive services. Data-3 management systems.

Newcomers to jobs market 'lack business sense'

Graduate skills criticised

By Lisa Wood, Labour Staff Employers seeking to recruit

more graduates as the recession lifts are being inundated by applicants. But they say too few are of the right calibre. Too many graduates lack general communication skills, business sense and the ability to work in a team, say employ-ers surveyed by the Associa-

tion of Graduate Recruiters,

which represents most of the

blggest companies recruiting

nies eaid there were not tions reported a shortfall comenough graduates with the skills needed to walk straight into a job.

The annual survey by the AGR said overall 10,204 graduates were recruited in 1994 by its members, 2.3 per cent more than in 1993.

However, at a time of sub-stantial expansion in graduate organisations reporting a sbortfall in recruitment had graduates in the UK. Engineer-ing and science-based compa-Twenty per cent of organisa-

pared with 13 per cent in 1993. Ms Kate Orebi Gann, AGR chairman and recruitment manager at Marks and Spen-cer, said: "Employers receive 100 or more applications for each vacancy but they are still having some trouble finding

the right graduate for the job." Bass, the leisure group, said numbers, the percentage of it had received more than 3,000 applicants for its 1995 graduate intake of up to 50 jobs. "The increased in 1994, the first such proportion of applicants of the quality that we are looking for is slight," Bass said.

or air are to be extended to all forms of transportation.

Tax concession will aid Channel tunnel terminals

Development around the

Channel tunnel rail freight terminals received a tax boost yesterday from a measure included in the Finance Bill. Industrial building allowances currently epplied to warehouses which store or hold goods brought in by sea

in the past the allowances have stimulsted warehouse construction at ports and airports. The extension of the allowance was welcomed as a hoost to the development of the Channel tunnel's freight

Mr David Baker of Baker Rose, the consultants advising on the Doncaster International Railport in northern England and the Daventry international Railfreight Terminal in the Midlands, said: "This is very good news and will have a significant impact in terms of the tax benefits. This will be an additional incentive for putting warehousing at the prime nodal points." He added that Moss End, Glasgow, could also

Political wrangling over the finance bill lies ahead after the opposition Labour party yesterday accused the govern-ment of trying to avoid debate them from the bill. Labour said the omission of clanees increasing excise

added tax on domestic fuel was an "affront" to the House forced on the government after

would be tabled after the Commons reassembles next week at the end of the Christmas recess. The government bopes the 141-clause bill will become law in May.

Leclercq, managing director of CTL, the Channel tunnel freight train operator, said: "This will help any new investor who wants to build warehousing and gain access to the network." He said the measure could

belp the development of ware-housing at the terminals, which are at various stages of construction, in Liverpool, Birmingham, Manchester, Glesgow and London. The Inland Revenue said the clause had been placed in the Finance Bill in order to update

flown in."

 Trains carrying cars and passengers through the Channel tunnel between England and France have begun to operate 24 bours a day. Departures every two hours between 23h00 and 7h00 (London time) have been added to the hourly services between 7h00 and 23h00. There are now 40 car sbuttle departures a day com-

Rail sell-off suffers setback

British Rail is to delay the sale which are bidding for the busiof its loss-making Freightliner subsidiary for a further six to 12 months, our Transport Cor-

respondent writes. into a separate company with national rail natwork conits own terminals, locomotives, trolled by BR. road vehicles and depots to allow its management to restructure the business and reduce losses. These amounted to £38m last year on sales of

BR's announcement came as oriented than we wanted. Now a blow to the three companies we face the prospect of having

ness and to a group of international shipping lines which has been lobbying for a rapid decision. It was also a hlow to gov-Freightliner is to be hived off ernment plans to privatise the

1995 which were more road-

"It is very disappointing." second half of 1996. said Mr Keith Duggan, director of transport at Hapag Lloyd, a German company. "We have already had to make plans for

Freightliner, which moves containers from ports to inland terminals, was to have been the first train subsidiary of BR to be sold off. It may now be delayed until after the sale of the first six passenger train operating franchises due the

"Some further rationalisabon of Freightliner is needed because the hopelessly uneconomic bits of the business were dragging down the value of the whole," a BR spokesman said.

Mr Mike Roper, a director of and 4m sq ft of warehousing whole," a BR spokesman said.

Abbcott Estates which is devel-was planned. Mr François

dnties and redncing value

of Commons. The clauses are needed to implement the mini-Bndget the defeat of proposals for an increase in VAT on fuel from 8 per cent to 17.5 per cent.
Officials said the clauses

oping the Daventry terminal, said: "This is obviously quite

encouraging, although I would like to see the small print." Mr Roper said a 350-acre site was being developed at Daventry, off the West Coast main line from London to Scotland, Mr Mike Roper, a director of and 4m sq ft of warehousing

legislation with the introduction of rail imports. "If we had not done this we could have been accused of discriminating against railways. As a result a warebouse at a terminal can have the same allowances as those extended when goods are

pared with 26 a day in 1994.

ordon Styles had a pleas-

ant surprise when he vis-ited a UK toy company to

gauge the potential of

rapid prototyping (RP), the process

which drastically cuts the time to

had an order from the company

within half an hour," he says, "and

I had not even bought the RP

machine. I had to subcontract the

work to a Taiwanese bureau." The

episode helped convince Styles, 30-

year-old managing director of Styles

Precision Components, to open an

RP bureau at his Teesside engineer-

He hopes to exploit the growing

interest among UK and continental

European manufacturers for a rela-

tively new process which has

shown it can play an important part

in reducing product development

Across Europe, there are a small

number of big manufacturing com-

panies with their own RP machines,

At Whiripool Italia's cooker plant

at Cassinetta in northern Italy, for

example, an RP machine helps pro-

duce cast iron versions of burner grids in a week - some weeks less

than it would have taken with tradi-

Even big companies are using RP

bureaux if they have run out of

internal capacity on their own machine. For smaller and medium-

sized manufacturers, which would

be unable to justify buying their

own RP machines, the bureaux are

The first to establish a reputation

was Gloucester-hased Formation

Engineering Services, and in April

1993 IMI, the big engineering group,

opened a bureau on its main site at

"RP was new, and we identified it

as having a lot of potential," says

Tony Macis, sales engineer at the IMI bureau. From day one, the

bulk of our business came from out-

side customers, in the automotive,

mechanical and electronics indus-

tries and more recently from gen-

dozen different emerging technolo-

gies, but all three of these bureaux

use the so far dominant "stereolith-

ography" process, produced by US-

This converts a 3D (Cad) file into

an STL (for stereolithography) file -in which the image of the part is

broken down into hundreds of elec-

tronic "slices". (If necessary, bureaux will also convert two-dimensional Cad files into 3D images.)

The next stage involves rebuild-

RP is a generic term for half a

Witton in Birmingham.

eral engineering too."

based 3D Systems

tional model-making methods.

which cost £250,000-£500,000 each.

ing company.

Andrew Baxter looks at how small

companies can take advantage

of rapid prototyping

A mould

breaker

Head start: rapid prototyping can produce models of human skulls for clinical study

component

Alternatively, some resin proto-

types can be used as the start of a

process known as investment cast-

ing, which can produce a metal

The overall process can cut weeks

or even months off traditional mod-

el-making, but the combination of

RP should he seen more as an

opportunity than a threat for model-

makers, says Styles. The episode with the toy com-

pany provided a good lesson, he

says. "The Taiwanese had delivered

the part before we had half the

quotes back, and the range of prices

was buge. We realised we had to be

· But not everyone was as ready to

accept RP as the toymaker. Styles

as keen as the Taiwanese bureau.'

d and new methods means that

MURSOAY JANUARY

by \$62m

gwit German to the

1 the

Sir Andrew is the best known member of a group of dissident shareholders, controlling around 26 per cent of the equity, who have ousted most of the board of Penna following dissatisfaction with its performance. The coup was organised by David Banks, 51, an ex-Chase Manhattan Banker, with the help of Peter Need-

ham, 70, and Peter Gardiner-Hill, 68, founders of GHN, group, has resigned as chairwhich coaches executives on how to manage their careers. GHN, named after Needham

and Gardiner-Hill, was bought by Penna last June and is the smallest bit of Penna's business, which is dominated by the Sanders and Sidney outplacement side.

Banks, who says that his own career has benefited from GHN counselling, has taken over as finance director, Needham has replaced John Beard as chief executive and Gardiner-Hill remains an executive director. Deryck Sidney, 74, retired. William Hall

man and Robert Olney and Claire Risby have also stepped down from the board.

Old Etonian Sir James Harvie-Watt, an accountant and chairman of Cannons sports club, has joined the board as a non-executive along with Daniel Owen, an entrepreneur. ■ Lord McGowan, 56, another Old Etonian who heads corporate finance at Panmure Gordon, has been appointed a nonexecutive director of BNB Resources, a firm of headhunt-

ers. Parry Rogers, 70, has

chairman, took a 25 per cent stake in Arlen. This was fol-lowed by e prolonged board-

management team. Howard says an early priorin the capital. ity is to change the company's articles of association so that any director's contract longer than six months must be approved by shareholders. the electronic placing system (EPS). So far volumes trans-

Dissident takes the chair at Penna acted have been relatively low bnt a second version of EPS is being introduced this month.

> kers' Committee, says many London market insurance pollcy claims were now handled vis Limnet and that Lloyd's had eliminated paper for reinsurance transactions ontside the market. "The benefits of electronic trading in improving the competitiveness of the whole London market cannot be overstated," be says. Raiph

■ Stepben Sumsion, John Wellesley and Brian Wilson

has spent much of the past year convincing manufacturers who were dubious about the accuracy and cost of the process, and worried about possible health risks from the resin and the strength of the fin-

Some of the problems with RP were real enough a year or two ago, but have now been addressed, he says. New epoxy resins, introduced over the past year, are replacing acrylic resins, doubling the tensile strength of the prototype although it takes a little longer to build.

Also, the latest Cad systems have the capacity to produce much more accurate STL files. Each "slice" is drawn as 9 pattern of triangles, and accuracy is increased as the size of the triangles is reduced. If the triangles are too large, supposedly round holes in models emerge as polygo-

Styles is concentrating on prototypes for thin-walled, highly-accurate and complex components produced by the plastic injection moulding industry. This is where his 3D Systems machine works best, he says - it is too slow to build large hlock-type parts, the forte of a different RP system called laminated object manufacturing

Styles' RP machine has been running for about a year, producing everything from parts of mobile telephones to models of human skulls for clinical study. A similar range, for a wide variety of customers, has been produced at the IMI

The recent upturn in activity in the engineering sector has been a useful bonus for the RP bureaux. As demand rises, careful planning is needed to make the most of the machine's capacity. "Our's is running 24 hours a day, seven days a week," says Macis.

Both hureaux are pinning their hopes on benefiting from long-term trends in manufacturing. As big manufacturers push out detailed component design work to sub-contractors to save time, small companies will be encouraged to use the

Expansion is in the air at both companies. Styles plans to move a few hundred yards to a bigger fac-tory unit at Thornaby later this year, when it may have to huy a second RP machine.

IMI wants to expand the "downstream" finishing and casting side of the business, enabling it to develop into rapid tooling, widely seen as the most important future development from RP.

This involves creating a few bumdred or even a few thousand parts that could be used by manufacturers as tooling for a production run. Rapid manufacturing - creating 9 small batch of real products - is another possibility for the bureaux.

Victoria Griffith looks at a computer network's security system that has never been broken

Hacking bandits meet their match

erberos, the security component of the Massachusetts Institute of Technology's computer network, is an object of envy for many corporations concerned about

cybernetic privacy. While much of the computer world lives in fear of hacking bandits intent on stealing information and confusing systems, MIT is understandably smug about its campus system, the security of which has never been broken.

Kerberos was launched in the late 1980s as part of Project Athena, a collaboration between the university, Digital Equipment Corporation and International Business Machines.

Despite the attempts of some of the most ingenious backers in the world - MIT's student population - the system's protocols have yet to fail

This impressive track record is attracting the attention of growing numbers of companies, whose executives trek through MIT's visitor centre almost daily to see how the protocols work.

Interest has heightened as companies increasingly switch from the mainframe-based system by which various users connect to a single computer - to the client-server model, used by MIT, which connects users to various computers. This has lead companies to tried-and-true systems on which to base their

The Kerberos model operates on few simple but important rules. When users sit down at a computer, they turn on a machine which has almost no information stored on it.

"These are essentially dataless machines," says Janet Daly, information officer for the Computer Services Centre. "They have just enough information to boot up and send your name to Kerberos."

Probably the most important commandment of Kerberos is that passwords must never travel across networks in the clear". The reason for this is simple. If passwords move through the system unshackled, network

eavesdroppers can easily pick them up to gain access to the

system. When clients type their user name and password on to the screen, the password stays put. The name then travels to the Kerberos server, which sends a unique "ticket" containing an encrypted code to the user's

If the user is legitimate, the password decrypts the code at the station, and the session continues. Another encrypted message is then sent to a database, separate from the Kerberos server, and if all is well again, the user is allowed to proceed.

The process happens in seconds Separating the Kerberos server. which authenticates users, from the network's other servers adds

But even the careful protocols of Kerberos do not guard against human error

security to the system. "By having a separate Kerberos server, the number of people who have access to the security system is limited," says Jeffrey Schiller, who manages the network. "There is always the threat of an insider attack, but in our environment, only four people have access to Kerberos.

The password system does not solve all privacy problems, however.

Once communication between the user and the databases has been established, a hacker may listen to information flowing over the lines, even without knowing the user's password. If the information is sensitive or private. MIT's systems managers advise encrypting each separate piece of data as well.

Right now MIT's computer buffs are hard at work on a new version of Kerberos, to be unveiled next

The new generation of Kerberos will add flexibility to the system, allowing users to communicate

more rapidly with other campus

By complicating the rules of the game further, the new system will have the advantage of being one step ahead of the hackers.

But even the careful protocols of Kerberos do not guard against the most common security failure: human error. "We can't prevent people from giving out their passwords to unauthorised users."

says Daly. Education is therefore an important component of any secure system.

Even if users do not give out their password, they may fall victim to bandits who successfully guess what the combination might be. In the past, hackers broke codes by trying obvious choices such as users' middle names, street address or social security number. These days, users have to

be even more cautious. "Dictionary programmes can be used to crack passwords by automatically trying every word in the English dictionary until you get a match," says Daly.

"So we advise people to choose a password that does not exist in the English language, Combining letters with numbers is a good idea. Something like Snuffy? would be acceptable," she adds. Selecting words in foreign languages can he dangerous too. since software may soon be available for non-English dictionaries as well.

To guard against these sorts of attacks, MIT has installed 9 system which records how many times a machine tries to get into Kerberos under an incorrect password. By spotting systematic searches ahead of time, they can catch perpetrators before they manage to

hreak into the network. With companies growing increasingly fearful of backers, systems like Kerberos will continue to attract attention. Although the system has never

failed, there is no way of knowing if it will be foolproof in a corporate environment. But as companies strive to

protect their databases, many are willing to give seasoned systems a

PEOPLE

ing the component slice by slice.

Each is redrawn by tracking a low

power ultraviolet laser across a

small bath of photoreactive resin,

instantly turning the areas of contact into a solid plastic. The fin-

ished slice is lowered slightly into

the bath and the next one drawn on

It can take a few bours for a small

component, or three to four days for

a large one. After further process-

ing, the part could then be delivered

to the client, but bureaux such as

Styles and IMI prefer to use it as the

master model for running off about

20 copies for the customer in a few

days, using the traditional elbow

grease and new processes such as vacuum casting to add surface tex-

Foot down on Renault's pedal

Renault's "Papa" and "Nicole" ad campaign for its Cilo model has been the linchpin of the French car maker's successful drive to restore Renault's popularity with UK motorists. More than 6 per cent of all new cars sold in the UK are now Renaults - nearly double the iate 1980s level - and Roland Bouchara, Papa's and Nicole's new marketing chief, reckons there is more to come.

At 36, Bouchara (right), who has succeeded Gerard Saint-Martin as marketing director of Renault UK, is one of the youngest employees Renault has ever appointed at director level to one of its national sales companies, in keeping with its aims of lowering the age profile of its UK customers. Renault can hardly expect to

keep its market share growing at the same rate as in the past couple of years - It is already

Brigadier for

David Cranston, a brigadier,

has been appointed to run the

tha Personal Investment

Authority, the regulator for

He takes up the post in

April, succeeding another examy officer - Kit Jebens -

who retired in December. Cran-

ston, 49, is currently deputy

chief executive of the multina-tional airmobile division based

in Germany, and has previ-ously served as part of the EC

monitoring mission in the for-

member relations division of



nearly level with the Volkswagen group as the UK's largest "traditional" importer.

Nevertheless, Bouchara maintains that a sales ceiling has yet to be reached and figures to be released at the end of this week are expected to show that Renault last year increased its UK sales by one fifth, in a total market that grew by only around 7 per

financial services sector would

not be a handicap; his task

would be to ensure that the division's staff of 200-plus

worked effectively and effi-ciently. Alison Smith

■ Sir Campbell Fraser, former

president of the CBI, has retired as non-executive chair-

man of Arlen. His departure,

which came into effect on

December 31, was announced

last September after the elec-

trical manufacturer and dis-

tributor returned to the black

changes at the top, Greville Howard, 53, formerly manag-

At the end of 15 months of

after years of loss-making.

mer Yugoslavia. ing director, has hean
The PIA said yesterday that
his lack of experience in the chief executive, from which

cent. Bouchara's aim is to keep up the momentum as long as up the momentum as long as possible, while consolidating Royal the ggins that have already

With the next major new model, the Renault 19, not due in the UK for around a year. Bouchara, who comes to Renault's west London headquarters from a marketing role at the Ile de France regional office, will concentrate on developing customer and dealer relations as well as what he describes, somewhat enigmatically, as "creative marketing with a value-added

element". ■ The wholly Renault-owned UK snhsidiary has also appointed two other directors: Andrew Luck as services and quality director and Bob Gidden as director of the Swindon parts distribution centre. John

perspective, he says, he will

holder power, Howard joined the board in September 1993

when the investment company

Portress Trust, where he is

room struggle and a restructur-

ing which resulted in a string

of resignations among incum-

bent directors who were gradu-

ally replaced by Howard's new

A firm believer in share-

oversee recovery.

|Dowdy to retire from Insurance

Royal Insurance announced yesterday that Michael Dowdy, group finance director, is to leave the company when his contract expires at the end of August.

Dowdy, 59, who joined the group nearly four years ago, has overseen a turnround in Royal's profits from pre-tax losses of £373m in 1991 to 9 profit of £311m in the first nine months of 1994. He explains that he had

joined specifically to help Richard Gamble, Royal's chief exec utive, to revive the group's prospects; "I regard that job as substantially done," he says. He has no firm ideas about where he might work next. Royal says it is seeking e successor for Dowdy, who is on a renewable one-year contract

paying e salary of £175,000. Deiter Losse, chief executive of brokers Greig Fester, has been appointed chairman of Limnet. the London insurance market's electronic network. His appointment comes at the start of a crucial year for Limnet which is overseeing the

introduction of a new system for placing insurance risks et Lloyd's of London and other commercial insurance markets As part of its restructuring and modernisation plans, Lloyd's has said that from Jannary 1 next year all risks underwritten at the insurance market must be recorded via

Losse, a prominent member of the Lloyd's Insurance Bro-

have been appointed directors of BOWRING MARINE.

CONTRACTS & TENDERS

PETROBRAS

INTERNATIONAL COMPETITIVE BIDDING NOTICE

BIDDING NOTICE Nº 874-81-0030/94 PETROLEO BRASILEIRO S.A. - PETRIBRÁS has recalved e loan in various currencies equivelent lo USS 280 milition from the WIRLD BANK en intends to apply e portion of the proceeds of thie loan to purchase material and equipment for the eraction of one hydrotreatment Process Unit at Presidente Bamerdes Relinery, in Cubatão - BP - arazil.

This Biddings will be performed under the rules of the WORLD BANK and its purpose is the Design and Engineering, Supply of Material and Equipment, Construction and Erection of one Air Compressor Station.

equipment, Construction and Erection or one Air Compressor Station, with the tollowing mein carecieristics:

- Three cantritugal compressors (C-513401 A/B/C) with a nominal capecity of 7,000 Nm³/h each, weather protected, two compressors driven by electric motor and one compressor driven by steam turbine.

 Two sets of instruments at dryers, alumina absorption type. Eech set will have two drying towers working in cycles; while one is in operation, the other remains in regeneration, automatically atternating. The drying system shell comply with the tottowing capacity: 7,000 Nm³/h:

capacity: 7,000 Nm*/n; reletive humidity: 100% maximum develoint: -5°C at 8.8 Kgl/cm², manometric pressure; operating pressure: 8.6 Kgl/cm², (dry air, minimum manometric pressure); instrument dry air pressure: 8.0 Kgl/cm², (minimum manometric pressure); hydrocarbon contamination: exempt; hydrocarbon contamination: exempt;

output temperature: 40°C (maximum).

- instruments of the Compressed Air Bystem, including the

- instruments of the Compressed Alt Bystem, including the compressors and dryers, will be remote controlted by the Rettnery Integrated Control Center (ICC), via the Digital Control System (DCS). The analog and digital signals from the Air Compressor Stetlon (ACB) shall be evallable in the penels room at the Termoelectric Stetlon and its interconnection with the ICC is not comprised in the scope.

- A gas detection system for installation near the compressor suction area, with foreseeing transmission of elarms to the Integrated conflict center (ICC) with the ICCs.

center (ICC) via the DCS.

DEADLINE FOR BIDS SUBMISSION: February 15th, 1995, Bids will be

received until three (3) P.M.

ELIGIBLE BITIOERS AND ADDRESS
Interested BITITERS, from eligible countries, mambers of the WORLO
BANK, and Taiwan, China who heve designed end tabricated at least
one (1) equipment, with the caracteristics similar to the mentioned
items, for which they intend to bid end comply with all other
caracteristics are the property and their caracteristics. reme, for which they intend to bid end comply with all other raquirements set forth in the Bidding Occuments mey oblein this bidding by the submission of a bank deposit slip non-retundable fea of US\$ 500.00 (five hundred American dolars) to be mede at Banco do Brasit S.A. Agência PETRIBRAS-RIII (code 3180-1) current eccount n° 377.100-8 in the name of PETROBRAS/ADM. CENTRAL, or contect use at the following address:

PETROLEI BRASILEIRO B.A. - PETROBRAS

PETROLEI BRASILEIRO B.A. - PETROBRAS

SERVIÇO OE MATERIAL - SERMAT Av. República do Chile nº 85, 6º andar - sala nº 662 CEP: 20035-900 - Rio de Janeiro - RJ - BRAZIL Phone: (55 21) 534-1731 or 534-1745 Fax: (55 21) 534-3837 or 534-3836 Ret.: BIDDING Nº 874-81-0030/94 Att.: Bidding Committee Coordingto

LEGAL NOTICES

No 007337 of 1994 IN THE HIGH COURT OF JUSTICE CHANCERY DIVISION MR REGISTRAR BUCKLEY

IN THE MATTER OF: WESTERN MOTOR HOLDINGS PUBLIC LIMITED COMPANY IN THE MATTER OF:

THE COMPANIES ACT 1985 NOTICE IS HEREBY GIVEN that the Order of the High Goun of Justice Chancery Division duted 2t December 1994 confirming the reduction of the Share Capital of the above-asseed Company from \$5,300,000 to \$5,800,000 and the Minure approved by the Court showing with respect to the capital of the Company as altered the several particulars regarded by the above-mentioned Act were registered by the Registray of Companies on 21 December 1994.

Dated this 5th day of January 1995. Nicholson Graham & Jones 25-31 Moorgate London ECZR 6AP.

In the High Court of Justice, No.007336 of 1994
Chancery Division, Mr Registrar Backley
IN THE MACTIER OF
INCECAPE ESTATES PLC
AND
IN THE MACTIER OF
THE COMPANIES ACT 1985
NOTICE IS HEREBY GIVEN that the order of
the High Court of Justice Chancery Division
dated 21 December 1994 care firming the
reduction of the Share Capital of the abovenemed Company from £10,300,000 is
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Cour cemoer 1994. Led this 5th day of January 1995. Cholson Graham & Jones 25-31 Moorgale London EC2R 6AR

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AND 874-81-0028/94 PETRÓLEN BRASILEIRO S.A. - PETRINARAS has received a loss in various currencies equivalent to US\$ 260 million from the WORLN BANK end intends to apply a portion of the proceeds of this loss to purchase meterial and equipment tot the arection of one

Hydrofreatment Process Unli et Presidente Bemerdes Aztinery, In These & iddings with be performed under the rules of the WORLII BANK end their purpose is:

BIDDING Nº 874-81-0022/94 Supply of 2S (twenty tive) rearrangement cabinete with intrinsically sate isoletors, 8 (six) power distribution cabinets, S (tive) spare cabinets, interconnecting cables and execution of interconnection service of cables between the arrangement cebinsts end the digital ntrot system (DCS), pursuant to the specifications set torth in th

BIDDING Nº 874-81-0028/94 - Supply of: PACKAGE № 1: Power cables raied 1SKV, 8KV and 1KV and control cables;

PACKAGE Nº 2: • Etactric ligthing textures for hazardous locations. with HPS (high pressure sodium) and incandescent lemps included; Photocetts for hezerdous tocations:

PACKAGE Nº 3: - Explosion protected, plastic encloeure, lightining panelboards, 240/120 Vac rated voltage; Explosion protected, plastic enclosure, electrical equipment: control stations, "breek glass" control stations, on-off switches, safety switches, sockets PACKAGE Nº 4:

and plugs end junction boxes.

- Uninterruptible power supply (UPS) System, input voltage 480 Vac, output voltage 120 Vec, comprised vollege 480 vac, output vollege 120 vec, comprised by ractitler, ballery benk steric inverter, by-pass transformer, stetic switch end distribution pansiboard:

- Uninterruptible power supply (UPS) System, input vollege 480 Vac, output vollege 220/115 Vac, comprised by rectifier, bettery bank stetic inverter, by-pass transformer and stelic switch;

- Direct current power supply existem, input voltage

- Direct current power supply system, input voltage 480 Vec, output voltage 24 Vdc, comprised by rectifiters, baffery cherger, ballery bank and distribution pensipoard.

PACKAGE N° S: Lighting transformers 15 KVA, 480-240/120 Vac reled for hazardous locations; PACKAGE N° 8: Measurement and testing epperatus for electrical system.

2ids for one or more of the above packages will be ecceptable.

DEADLINE FOR BIDS SUBMISSION Bids will be received untit ihrae (3) P.m. on the dates bellow: BtmninG № 874-81-0022/94 - January 26th, 188S BIDDING № 874-81-0028/94 - February 21et, 1095

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Interested BIDDERS, from eligible countries, members of the WIRLD BANK, and Talwen, Chine who have designed and labricated at least one (1) equipment, with the caracteristics similar to the mentioned items, tor which they thiend to bid end comply with ell other requirements set torth in the Bidding Documents may obtain this bidding by the submission of a bank deposit slip non-retundable lee of US\$ 300.00 (three hundred American dollars) for Biddinge 874-81-0022/94 and 874-81-0028/94 to be made at Banco do Biesil S.A. Agència PETROBRAS-RtO (code 3180-1) current account n° 377.100-8 in the name of PETROBRAS/ADM. CENTRAL, or contact ue at the tollowing eddress:
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How companies rate lobbyists

Businesses may be badly briefed on Europe, writes Tim Dickson

> support in terms of monitoring and reacting to a situation, a

they were also perceived as

would wield inflnence.

Political lobbyists. Not

well as strong on "marketing" an issue and presenting a case. But

superficial and lacking in depth intellectually. There were doubts

surprisingly they are regarded as the experts in the field, given

their knowledge of the "system" and contacts. They were thought to be good at communicating and

operating at speed if required. Their weaknesses, according to the corporate interviewees, lay in

feeling that they are rather self important and that their

influence may not be what they

 MPs. The fashion for using them as non-executive directors

says NOP. While they were credited with having the contacts and knowing the system, they

were no looger seen as an

that they lack commercial

expertise and have a narrow

effective means of influencing

legislation. One view was that they are compromised by being

allied to a political party, another

perspective.

Trade associations. These are

the primary source of information

and infloence for most companies.

access to decision makers; equally

Their representation of a whole

industry was seen as providing

that focus means they should

know the sector and its issues

minority voices sometimes go

also accused by some of being

Management consultants.

Companies saw them as good at

analysing a situation and providing strategic advice – but they questioned their

effectiveness on issues of public

consultants were often considered

too theoretical and not perceived

policy. Individual firms of

as having any influence in government.

though, the representation of an

unheard. Trade associations were

inside out. At the same time,

industry view means that

slow and retrospective in

thinking.

"appears to have run its course",

think it is. They are also thought

about the extent to which they

Britain's top companies still feel exposed when dealing with the European Union's political institutions. They admit they are not as good at spotting legislation or regulations, whether EU or domestic, as they are at responding to threats. And they appear to be less enthusiastic about baving MPs on

These are some of the conclusions of a study on political lobbying carried ont for the law firm Clifford Chance by NOP Corporate and Financial. Based on interviews with senior public affairs personnel in 34 out of the top 1,000 UK companies – plus a group discussion with eight corporate representatives - the research reveals a more or less even split between those wbo make use of in-bouse resources to monitor UK and EU legislation and those who rely on external

Most in the sample felt that existing arrangements left companies "adequately" or "reasonably" prepared for monitoring and influencing legislation. But there was a general feeling that minor regulations, notably from the EU, could be "missed".

"It is readily admitted that the need is greatest in assistance in understanding the workings of the EU, and legislation and regulations emanating from it."

observes NOP in its summary. Companies were also asked to rate the effectiveness of external lobbying advisers with the following results:

 Law firms. Happily for Clifford Chance, their profession's strengths are seen as being able to provide information and specialist advice, together with professional integrity. Law firms are seen as having good contacts within government and the bureaucracy. At the same time, though, they are regarded as too specialised and unable to offer a broad perspective on an issue. There were doubts about their ability to lobby, their natural cautiousness and their fees.

• PR companies. They were seen as being able to provide all round

environment has blossomed faster than the average pollster's ahility to frame suitable questions. judging by the plethora of opinion surveys on green issues.

Yet amid the forest of reports on both sides of the Atlantic, remarkably little has appeared about what consumers think

That is surprising in view of the upsurge of green awareness and products, particularly consumer goods. Who now remembers washing powders with phosphates or the days when aerosols and refrigera-tors used unpronounceable gases

Yet in an era of global brands, mnitinational consumer goods companies and cross-border retailers, information on attitudes to green matters is essential. How else can manufacturers discover whether a German housewifa is more prone to spend a few extra pfennigs on an environmentally-friendly product than ber Dutch counterpart? And how can consumer goods companies judge the effectiveness of cross-bor-der television advertising without comparative data about the sensi-

tivity of their target audiences?
Peter Stisser, vice-president of
Roper, Starch Worldwide, a US opinion research group, agrees there are still gaping boles. "A Swedish client may think that because the environment is a big issue in his country, it will also be relevant elsewhere. Moreover, the environmentally-aware consumer is not the same person in different countries. In the US and Canada. environmentalism is predominantly middle-class. But in Latin America, it is much more a rural and blue-

Virtually all the available data, particularly concerning consumers, are national. Big UK-based market researchers, such as Mintel, Mori and Gallup, have conducted regular surveys on Britisb views on the environment, as have more speci-alised research outfits, such as Sus-

tainAbility.
In the US, ORC and RSW prepare regular polls on broad environmental issues. Their work has been supplemented by the more focused groups such as Cambridge Reports/ earch International.

Internationally comparative data, however, are conspicuous by their absence. In western Europe, information is limited to the European Commission's Eurobarometer polls. Eurobarometer, however, has only tackled the environment fitfully and avoided consumer questions altogether until 1992.

On the face of it, much of the existing data appear contradictory. UK research suggests that green concern has waned since its peak in the early 1990s as issues such as the ozone layer have gone off the boil.

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Haig Simonian looks at the remarkable lack of data

on worldwide consumer attitudes to green issues

Pitfalls of eco-shopping

A Mintel survey last month showed an 11 percentage point drop in British anxieties about environmental issues between 1990 and 1994. Similar work by Mori in Sep-tember indicated an 8 percentage point decline in the number of consumers who selected products on environmental grounds from a peak

US data are similar. The latest Green Consumerism survey by Cambridge Reports in November 1994 showed the environment's ranking in terms of "most impor-tant issues facing the US" slipped during the 1990s. Even the number of "greens" – defined as those who strongly identify with the term environmentalist and give time and money to an environmental organisation - had fallen to 10 per cent

from a 13 per cent peak in July 1992.
"Concern about the environment among consumers declined in the 1990s as the recession and unem ployment took priority, says Bob Worcester of Mori. Worcester talks of the "alligator principle": "When you're up to your neck in alligators [such as the risk of losing your job]. you don't worry a lot about acid rain." Stisser suggests growing con-fusion as the environmental debate has become more sophisticated.

Angela Hughes, Mintel's consumer research manager, attributes the fall partly to the increased availability of environmentallyfriendly products. "Green shopping has entered the mainstream. It no longer requires a conscious decision," she says.

Eco-shopping is most prevalent in the US. According to Susan Lilly, a research analyst at Cambridge Reports, about 70 per cent of Americans have altered their daily shopping habits and personal behaviour out of concern for the

While concerns may have fallen, popular awareness of environmental issues has gone up, according to Mintel. Its survey showed an 8 per-centage point fall in the number of those who said they were either unaware of, or unconcerned about, green issues between 1990 and 1994. Meanwhile, the number of "armchair greens" - who say they care

Protecting the environment An immediate and urgent problem? National % shifts between 1988 and 1992 Spain

about environmental issues but Europe are thin. The 1992 Eurobarohave not changed their spending habits - grew hy 5 percentage

All the surveys suggest consumers are prepared to spend more for green products. In Mintel's survey, shoppers were prepared to pay a premium for environmentally-friendly foods between 10p and 10p, depending on the consumer's age. For toiletries and cosmetics, the premium peaked at more than 20p for those aged 25-34.

meter showed that 46 per cent of the sample from the 12-member states were prepared to buy an environmentally-friendly product, even if it were more expensive. The range varied from 75 per cent of those asked in the former west Ger-many and Portugal to 53 per cent in the former east Germany.

The same applies in the US. More than 75 per cent of those asked said they would pay et least 5 per cent more for environmentally-friendly Comparative data for western detergents and household and garden products, or for products made out of recycled materials, according to Cambridge Reports.

The "green shopping" issue has already been addressed by manufacturers and retailers, says Karen Blumenfeld, director of the Environmental Business and Strategy Prac-tice at Arthur D Little in the US. After a "first wave" of action by manufacturers to address the onset of environmentalism a decade ago, she identifies a "second wave", in which environmental concerns have become part of companies' basic product development procedure. However, even market research-

ers warn against reading too much into the limited findings available, A positive reply to e pollster's question about readiness to pay more for a product does not always translate into ection, notes Hughes. "Consumers want to be environ-

mentally friendly, but they want it to be made easy," she says. "Prod-ucts must be as good as less green alternatives, as readily evallable, and, ideally, no more expensive." The increased interest in green goods bas also led to upsets as unscrupulous manufacturers have climbed aboard the eco-bandwagon, according to Blumenfeld. Many companies have clashed with state attorney-generals, who are responsihle for consumer issues, or the Federal Trade Commission after com-plaints about exaggerated environmental claims.

environmental claims.

"There is a lot of cynicism out
there," notes Stisser. "We're no longer telling manufacturers to have
the environment as part of their international marketing statement because so many others are doing

There are exceptions, he says. "In foods and chemicals, stressing a company's environmental position will never cause damage. But in most other industries, multinationals need to find out what are the relevant social concerns in each. country they operate."

Globally-operating producers ignore such warnings at their peril. Shoppers will increasingly demand more information on the environ-mental histories of products and their manufacturers, says Hughes. Worcester thinks environmental concerns will gain prominence as economies move out of recession.

The challenge will be in product development, believes Blumenfeld. "Companies will increasingly be make a product which differentiates itself in some positive way, such as price or performance, while still being environmentally-friendly?"

A first step might be to find out : Clement Ca

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more about what consumers think and are prepared to pay for. That means more market research, ideally across national frontiers, to supplement the meagre fare now available.

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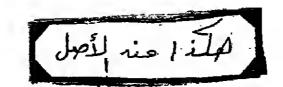
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Pulping the genres

n Edinburgh three flatmates try to dispose of a dead fourth. In Los Angeles n steel-clawed janitor terrorises the actress who once player up vicinit thumbs
Midwest e girl with giant thumbs
joins a band of feminist cowgirls. In who once played his victim. In the Paris e pornography-writing ex-nun becomes involved with international crooks. In deep space two explorers find an extraterrestrial model for Ancient Egypt.

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With Milital !"

M. Schafffunc.

Scheherezade, on an overdose of hallucinogens, could not have con up with five taller stories. But in the age of pandemic post-modernism we must take it in our stride: mix-and-match movies, many feed-ing on movie culture itself, are all

Stargate, the one about Egypt in space, has been the surprise Christmas hit in America. It is Lotusland's answer to the Lord Mayor's Show: showing how much pomp, glitter and multi-referential pageartry can be packed into one not over-costly spectacle.

The writer-director is Roland Emmerich, who established his sci-fi credentials with the Lundgren-Von Damme Iminersal Soldier Now be sends Colonal Kurt Russell laconic manner, lavatory-brush haircut) and linguistics scholar James Spader (specs, long hair, stammer) through the "stargate" e shimmering time-space barrier to a parallel world of deserts and and pyramus, a al-helmeted militia pyramids, of tribal rebels and jack-

This is ruled over by Jaye Davidson was the son as Ra. Since Davidson was the in The Crying Game he is son as Ra. Since Payerson we be is boy-girl in The Crying Game he is cast for heavy-duty androgyny here: an evil, epicene prince surrounded by capering catamites.

The two black marks we award for homophobia are the film's only enquiry - did aliens "found" our demerits. Its venturesome line of Ancient Egypt? - allows Stargate to hegin as 2001 meets Land Of The

STARGATE (PG) **Roland Emmerich**

SHALLOW GRAVE (18) Danny Boyle

WES CRAVEN'S NEW NIGHTMARE (15)

EVEN COWGIRLS GET THE BLUES (15)

Gus Van Sant

Wes Craven

AMATEUR (15) Hal Hartley

TIME COP (18) Peter Hyams

Pharaohs, before turning into Mad Max meets Laurence Of Arabia. For 121 minutes nearly all is plagiarism, hnt in the post-modern age that

counts as creative sophistication. There is, besides, a wonderful crazed energy. By the time the plot reaches nuclear countdown (sic) and everyone is metamorphosing before our eyes (gift of digital trickery) and Planet Egypt is erupting with flying pyramids and fighter planes, we are in e seventh heaven of ganre pulp; and the greater the number of genres getting pulped the richer the time we have.

By comparison Shallow Grave ms realistic, even focused. If this high-Gothle black comedy had opened e week ago, it would have been the best British film of the year. We quickly accept that our three young flat-sharers - volatile Alex (Ewan MacGregor), flamehaired Juliet (Kerry Fox) and swottish David (Christopher Eccleston)

- have e strange way of interview-

ing prospective fourth tenants. "Leveraged buy-outs, good or bad thing?" they snap at the hapless supplicants; or, "When you sacrifice

We accept, too, that chosen new flatmate Hugo (Keith Allen) will die by drug overdose and leave e suitcaseful of money. After that, writer John Hodge and director Danny Boyle make their one questionable move. Why, if the trio want the loot do they not steal the suitcase and hand the body over to the police? (It is not as if they have murdered Hugo). Instead they feel obliged to dispose of the corpse.

Swallow that and you swallow. even relish, the rest. We move into disfigurement, burial, madness and revenge. None of this is disagreeahly in-your-face: tha worst excesses happen off-frame, leaving the "drama" to facial reaction, skewed expressionist lighting or surreal developments such as crazed David's retreat to the attic. where he drills spying pinholes.

From bere he jealously watches the intimacies of Alex and Juliet while monitoring the visits of hood lums (wanting the money) and police (wanting Hugo). Better still, the ettic-prowling movie camera turns those pinholes into lightsources, making Devid's spece a cave of rakish-angled luminous stalagmites, e grotesque contour map of his own mind.

Shallow Grave grows into a prickly, inventive hlack comedy: e film with the talent to speed around storytelling corners without sacrifi-

cing balance and direction.

Wes Croven's New Nightmare fails
to move deftly or to huild on a cunning premise. What if Freddy Krueger, fictive fiend with steel fingernails, returned to haunt the actress who in the saga's first, best film played his near-victim? She is Heather Langenkamp, cast as herself. Here, too, is director Craven

Dr Daniel Jackson (James Spader) and Colonel Jonathan 'Jack' O'Nell (Kurt Russell) at the Stargate

playing Craven, and Robert Freddy Englund appearing both as himself and as the pizza-faced

"The only way to stop him is to make another movie!" says some one of the fiend. So the plot is: can

they, should they, will they? We wish they hadn't. If Craven wanted to bring Pirandello to the slasher film, he needed a sharper wit and sharper dramatic talons. A few frissons aside - notably the capping of two nightmare sequences by awakening their victims into the worse nightmare of a Los Angeles earthquake - the Elm Street series maintains its unenviable record: that of having added scarcely a single memorable new horror idea to e first film that was bursting with

"Give me some of that old-fashioned normality," says someone in Even Cougirls Get The Blues, "it was good enough for Crazy Horse, it's good enough for me".

Not good enough, though, for film-maker Gus Van Sant. His way with normality in My Own Private Idaho was to skewer it and hang it up in the wind, where it fluttered lyrically and memorably. Here, unhappily, he has caught a dose of the Wes Cravens. Having gone daringly far in his former film, he tries to go further but has not brought enough ideas for the journey.

As this epic whimsy proceeds -telling of a large-thumbed, free-spirited girl (Uma Thurman) who hitches her way to Utopia hy befriending (in short order) Keanu Reeves, William Burroughs, "Count-

ess" John Hurt and a band of semi-Sapphic mid-western cowgirls - we feel we are moving not forwards but backwards.

The destination is Seventies hippyism. The film is based on a cult novel by Tom Robbins that Van Sant has dreamed of filming for 15 years. So we sense that saddest of all projects: the long-cherisbed dream only realised when it is past its dream-by date. Hal Hartley's Amateur is borribly

similar. A film-maker acclaimed for his loopy perspective on human relationships - Trust, The Unbelievable Truth - decides he must get even loopier. Isabelle Huppert Is the ex-nun who writes sex stories. Martin Donovan is the amnesiac with whom she joins forces to hattle a group of gangsters. The screen fills

up with murder, eroticism and non-

If this sounds promising, imagine it scripted by Beckett and directed by Bresson. Even then it might beve depth, if not dynamism. Instead Amateur has a remorseless deconstructive self-consciousness, full of flippant dialogue and narra-tive frame-breakings trying to pixillate drametic inertia. If this is post-

modernism, time for a new ism. Timecop posits pre-modernism. Jean-Claude Van Damme keeps whooshing into the past to stop evil time-travellers tinkering with destiny. All the main characters meet themselves at earlier stages in their lives, which at least joins with the week's theme of mass regression. Here, as in Stargate, the journeyings are foolish but fun.

Dance/Clement Crisp

Cinderella

Collier as Cinderella on Tuesday night et Covent Garden. I was fascinated by the present grace of her dancing Reference books tell us that she has been a member of the Royal Ballet for 30 years, dur. moments of wonder or galety, ing which time e bright-footed are done with a lovely decoyoung soloist - who could cut Petipa's diamond solos with the most brilliant facets - grew into a leading artist who has . It is an interpretation felicitous done wonderful things. She is - throughout, and one to honour. now at that precious moment in e ballering's career when she can command every skill with a maturity of understanding that makes no concession

It is the dancer's tragedy that physical ability and physical wisdom too seldom coincide – si jeunesse savait, si vieillesse powers is the motto - but Collier happily demonstrates how the two may combine. She is an exemplar of Ashtonian style, and her Cinderella is loving proof of her delight in his choreography. It is a reading marked in emotion and tech-nique by a musical sensibility of the highest order by kucidity of means, by a kind of deli-cious modesty. She forces notiing, neither step nor feeling, and draws a totally satisfying portrait by what seem the sim-plest effects, but which are in fect the product of her 30 So, in the kitchen, each pose,

each phrase, is beautifully

etching Lesley clear, sweetly exact she hears music as Ashton did, and the choreography is illuminated thereby. (The little dance with the broom was a marvel). In the ballroom, the variations, the dnet (Bruce Sansom a handsome, attentive prince), rum. Nothing is taken to extremes and thus the ballet has its heart in the right place. throughout, and one to honour. Cinderella finds Ashton at

his most imaginative in making classical dances, and the ensemble of stars was fine. Among the season fairles, each blessed with a lustrous variation, only the joyous Sara Gallie as Spring produced that charm of physical personality which must colour the choreography. The other seasons semed to be there on calendar duty rather than for any joy in the dance. Cinderella's problem for

many years has been the Ugly Sisters, and the present incumbents (David Drew, Oliver Symons) are no more convincing than their predecessors in creating comedy or character out of ideas that were only funny (but, ah! how funny they were) with the Helpmann and Ashton originals. Both casting and capers need urgent renewal. The second act ballroom set - with its pie-crust architecture and loathsome tints - needs a dustbin.



Celebration of a seat of learning

he Cantebury Gospels the swearing in of a new Arch-(left), one of the oldest manuscripts in the at Christie's - but it is definitely not for sale. It is one of many rare objects on show et the King Street, St James's auction room es part of the Campaign for Cambridge, which started in 1989 and aims to raise 2250m for the university by 1999. The campaign has already raised £140m.

The exhibition - The Foundations for the Future - is designed to demonstrate the intellectual contribution made to the nation by the university over seven centuries.

There are sections devoted to the work of Newton, including his annotated first edition of Principia Mathematica; to Darwin, with zoological specimens that he gathered on his Beagle trip; plus Crick and Watson and the discovery of the structure of DNA; Rutherford's splitting of the atom; Babbages's "difference machine", the precursor of the computer; Hawkings's work on black holes, and more.

The Canterbury Gospeis is the highlight of the display. Dating from the sixth century, the manuscript is believed to be among the books that Pope Gregory gave to St Augustine before he set ont from Rome in order to convert the English to Christianity. It only leaves Cambridge when it is used at

hishop of Canterbury.

Among the other exhibits are

Tennyson's manuscript of his poems, In Memoriam and The Lady of Shalott; the radio transcripts of Douglas Adams' The Hitchhiker's Guide to the Gal-axy, and a Maori paddle col-lected by Cook on his Pacific voyages and now in the Cambridge Museum of Archaeology. There are also paintings and manuscripts from the Fitzwilliam Museum and various colleges.

The exhibition continues until January 25 and admission is free. Sir Anthony Tennant, chairman of Christie's International, is on the board of the foundation organising the appeal. In January there are no Street auction room.

The Foundations for the Future exhibition has taken two years to prepare but there are no plans to tour it after the short stay in St James's. Some critics have condemned the university for popularising its work in this way hut with the costs of running Cambridge exceeding £200m a year, and government funding unlikely to increase, the development office sees no feasible alternative to setting up its stall in the market place.

 William Packer will review the exhibition in full next Tues-



CONCERTS

MANUFACTURE MARCH

POS ONE YEAR

the per

BOLA INO. UK

Het Concertgebouw-Tel: (020) 671

 European Baroque Orchestra: Wieland Kuijken conducts Telemann, Muffat and Bach at 8.15 pm; Jan 8 Royal Concertgebouw Orchestra: with violinist Sarah Chang. Charles Dutoit conducts Berlioz, Lalo, Stravinsky and Ravel at 8.15 pm; Jan 5, 8

GALLERIES Van Gogh Museum Tel: (020) 570

 Odilon Redon: retrospective of the French artist's work; to Jan 14 OPERA/BALLET Het Muziektheater Tel:(020) 551

 L'Italiana in Algeri; by Rossini. Produced by Dario Fo, conducted Alberto Zedda at 8 pm; Jan 13, 15 (1.30 pm)

RERIEN

OPERA/BALLET Deutsche Oper Tel:(030) 341 9249 Ballet Evening: premiere of works

by Debussy, Poulenc and Stravinsky. Conducted by Sebastian Lang-Lessing, choreography by Nacho Duato, Glen Tetley and Harris Mandatounis at 7 pm; Jan 14 (6 pm) Der Rosenkavatier: by Strauss.
 Conductor Jiří Kout, production by Götz Friedrich at 8 pm; Jan 8, 15 Zar und Zimmerman: by Lortzing. Conducted by Hans Hilsdorf, produced by Winfried Bauernfeind at 7 pm; Jan 10, 13 (8 pm) Staatsoper Unter den Linden Tel:

(030) 2 00 4762 Die Zauberflöte: by Mozert. Conductor Daniel Barenboim. production by August Everding at 7

■ BRUSSELS

CONCERTS de Bruxelles Tel:

(02) 507 84 34 Abdel-Rahman El-Bacha: pianist plays Chopin at 8 pm; Jan 11 Belgian National Orchestra: with soprano Zsuzsa Misura, baritone Andras Moinar and conducted by Yuri Simonov plays Wagner at 8 pm;

Jan 12 Monnaie Symphony Orchestra: with the Monnaie Choir conducted by Antonio Pappano plays Brahms at 8 pm; Jan 8

GALLERIES Musée d'Ixelles Tel: (02) 511 90 84 Gainsborough to Ruskin: British landscape drawings and watercolours from the Plerpont Morgan Library in New York; to Jan 15 (Not Mon)

LONDON CONCERTS

Barbican Tel: (071) 638 8891

 London Symphony Orchestra: conducted by Ivan Fischer plays Dvořák at 7.30 pm; Jan 12 Royal Philharmonic Orchestra: conducted by Bramwell Tovey plays Mendelssohn, Handel, Bruch and Beethoven at 8 pm; Jan 7 Queen Elizabeth Hall Tel: (071) 928

 Messiah: by Handel. James Gaddam conducts the London Orpheus Orchestra and the London Orpheus Choir at 7.30 pm; Jan 15, Orchestra of the 18th Century: with conductor Frans Bruggen and soprano Cyndia Sieden plays Haydn, Mozart and Beethoven at 7.45 pm;

Jan 12 GALLERIES Hayward Tel; (071) 261 0127 The Romantic Spirit in Romantic Art 1790-1990; examines work of early Romantic painters. Includes section on German Expressionists;

to Jan 8 Tate Tel: (071) 887 8000

James McNell Whistler: major survey of the Victorian painter and designer; to Jan 8

OPERA/BALLET English National Opera Tel: (071) 632 8300 Figaro's Wedding: in house debut

for conductor Denick Inouye at 7 pm; Jan 11, 14 Royal Opera House Tel: (071) 340

 Cinderella: music by Prokofiev. Created by Fredrick Ashton in 1948, this was the first full-length ballet by an English choreographer at 7.30 pm; Jan 14

 Othelio: by Vardi. Conductor Carlo Rizzi, director Elijah Moshinsky. In Italian with English surtitles at 7.30 pm; Jan 13 Swan Lake: by Tchaikovsky.

Choreographed by Marius Petipa and Lev Ivanov, production by Anthony Dowell at 7.30 pm; Jan 5 THEATRE

National, Lyttelton Tel: (071) 928 2252

 Out of a House Walked a Man: by Daniil Kharms. A Royal National Theatre and Theatre de Complicite co-production of a collection of musical scenes by the Russian absurdist writer at 7.30 pm; Jan 7

 The Children's Hour: by Lillian Heliman, directed by Howard Davies et 7.30 pm; Jan 9, 10 (2.15 pm), 11

■ NEW YORK GALLERIES

Brooklyn Museum Tel: (718) 638 5000

 Indian Minature Paintings: 80 lewel-like paintings from tha 15th -19th century; to Jan 8 (Not Mon) Metropolitan

 Origins of Impressionism: 175 paintings by Parisian artists of the 1860's; to Jan 8 (Not Mon) William de Kooning's Paintings; to Jan 8 (Not Mon) Museum of Modern Art Tel: (212)

708 9480 Cy Twombly: Comprehensive retrospective of the contemporary American artist; to Jan 10 OPERA/BALLET

Lincoln Center Tel: (212) 721 6500 Heather Wetts Final Performance: New York City Ballet principle dancer Heather Watts gives her last performance in George Balanchine's 'Bugaku' and Peter Martins' 'Valse Triste' at 7 pm; Jan 15 Metropolitan Tel: (212) 362 6000 Die Fledermaus: by J. Strauss.

Sung in German with English

dialogue at 8 pm; Jan 5, 7, 11, 14 (1.30 pm)

L' Elisir d' Amore: by Donizetti.

Produced by John Copely, conducted by Edoardo Müller at 8 pm; Jan 8, 9, 14

Le Nozze di Figaro: by Mozart. Produced by Jean-Pierre Ponnelle, conducted by James Levine at 8 pm; Jan 12 Madama Butterfly: by Puccini at

8 pm; Jan 7, 10, 13 THEATRE Richard Rodgers Theatre Tel: (212) 307 4100 A Christmas Carol: engaging one man show of the classic with Patrick

PARIS

CONCERTS Champs Elysées Tel: (1) 47 23 37 21/47 20 08 24

Stewart at 8 pm; to Jan 8

 Choir and Orchestra of the Kirov Opera: with soprano Valentina Tsidipova, mezzo-soprano Olga Borodina, tenor Gegam Grigorian and conductor Valery Gergiev plays Verdi'a 'Requiem' at 8.30 pm; Jan 10 GALLERIES

Grand Palais Tel: (1) 44 13 17 17 Gustave Caillebotte: retrospective of the painter and patron of art who belonged to the circle of impressionIsts; to Jan 9 Institut du Monde Arabe Tel: (1) 40

51 38 38 Delacroix in Morocco: Delacroix's visit in 1832, when he was 34, made a lasting impression on his art to Jan 15 (Not Mon)

Musée d'Orsay Tel: (1) 45 49 11 11 Forgotten Treasures from Cairo: a rich collection of works by Ingres, Courbet, Monet, Rodin, Gauguin and others; to Jan 9 (Not Mon)

OPERA/BALLET

Châtelet Tel: (1) 40 28 28 40 Christina Hovos: Flamenco choreographed by Hoyos, Marin and Galia, music by Paco Arrigas at 8.30 pm; to Jan 7

■ WASHINGTON

CONCERTS Kennedy Center Tel: (202) 467 460D

 National Symphony Orchestra; with soprano Bizabeth Futral, mezzo-soprano Claudine Carlson and the Choral Arts Society of Washington, Leonard Slatkin conducts Ravel and Mahler at 8.30 pm; Jan 12, 13, 14

 Yo-Yo Ma: the cellist along with planist Emanuel Ax, violinist Pamela Frank, clarinetist Paul Meyer and flutist Euglnia Zukerman plays Brahms and Schoenberg at 8.30 pm; Jan 11 **GALLERIES**

National Gallery Tel: (202) 737 4215 Roy Lichtenstein: A survey spanning four decades of the American Pop artist; to Jan 8

OPERA/BALLET Washington Opera Tel: (202) 416 Semele: by Handel. Conductor

Martin Pearlman, Roman Terleckvi directs e Zack Brown production at 8 pm; Jan 7 (7 pm), 9 (7 pm), 13 The Bartered Bride: by Smetana. Conducted by Heinz Fricke. In English at 8 pm; Jan 8 (2 pm) Vanessa: by Samuel Barber. Director Michael Kahn, conductor Christopher Keene at 8 pm; Jan 14

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0230, 2030

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Ian Davidson

Action plan to cut the Euro-nonsense



arrival of the new year, we find ourselves within shouting disthe European

Union's intergovernmental conference to revise the Maastricht treaty,

From mid-year, the governments start negotiating the agenda for the conference. But since this will largely deterthe event itself, the 1996 conference is really going to start halfway through 1995.

So if we want to avoid the worst borrors that attended the Maastricht treaty, we have to do some bomework. We cannot afford another laborious multidimensional negotiation, where governments emerge from the fog with an ill-considered, incomprehensible package deal, and are surprised wben the voters turn against it. This time we must keep an eye on the stupidities of governments, before their worst efforts are set in coocrete,

So, as my contribution to the new year, I have assembled a short list of recent, not-so-recent and forthcoming books, which may be useful to the alert citizen for the prevention of Euro-nonsense.

First stop, of course, is a copy of the 1992 Maastricht treaty, since that is what the 1996 conference is called to revise. The best version is the official consolidated Treaty on European Union - EC Treaty published in 1993. At least it combines the old and the new in a single volume, and is the essential legal reference; unfortunately it is still an incoherent mishmash, because that's

the way they negotiated it. To make sense of the treaty, the ordinary person needs a guide. Fortunately, there is now available a comprehensive handbook to Maastricht, called European Union and European Community, which goes right through the treaty article hy article, with ample commentary at every phase, illuminating the real-life context of the implementation of European

policy. Ostensihly this is an academic textbook for university students, hut it deserves a wider general readership.

The next book on my list, Maastricht and Beyond, is a collection of essays on different functional aspects of the treaty, what it means, and wbat issues it raises: the negotiations, ratification, economic and monetary union, etc. This is slightly serious stuff; but for anybody who wants penetrating expert analysis, edited by three of Britain's most authoritative Euro-watchers, this is

essential reading.
The difficulty with understanding the European Union is that it is much more than a collection of legal texts. And it's not always easy to recom-mend a book about Europe for ones are usually written by

This time we must keep an eye on the stupidities of governments

pro-Europeans: they are more interested in the aubject. Even the title of John Lambert's book Solidarity and Survival: a Vision for Europe' is resonant with commitment. He is a convinced pro-European with strong Green edges, who has spent 30 years in and around Brussels, and this is in some

sense a personal testament. By contrast, D.M. Harrison's The Organisation of Europe's, which appears later this year, is safer fare for a Euro-phobe. it treats the EU more neutrally, as a market first and foremost, with useful analysis of the single market, Emu, agriculture, etc. Its concluding, philosophical chapter ("What is European integration?") is

detached, almost sceptical. The European Union was not created by scepticism, bowever, but by political inspiration, commitment and determination. If any one man epitomised those qualities, It was Frenchman Jean Monnet. once known as the Father of Europe. François Duchêne's

new hiography is perfectly timed, since the 1996 conference will provoke passionate debates between the pros and the antis, over the legacy of Monnet and whether It is still valid for Europe today. Anyone who is seriously interested in the question will need to go back to the beginning.

The best way to start will prohably be this biography, which starts with Monnet's work on both sides of the Atlantic in the first world war, and ends with his death in 1979. What stands out from his role in the founding of the Community, is that be was often misguided on specifics. For example, he stuck so firmly to the idea that Europe abould be built on sectoral integration that he put great hopes in a specialised nuclear energy community (Euratom) which inevitably falled; but he was less interested in the gen-eral common market, which proved to he the foundation of today's Union.

And yet, as Duchène makes clear, Monuet was right on the essentials of integration, because he changed the agenda and he changed the way people thought and acted. This is a widely researched biography that will long remain the authoritative account; and it carries greater weight from the fact that Duchene worked personally with Monnet in the 1950s and 1960s. It is perhaps a pity that the author has virtually suppressed any acknowledgement of his own role in those momentous times; and yet he has given us a deeplyfelt story, whose intensity occasionally breaks through

Treaty on European Union - EC, Treaty, Office for Official Publications of the European Communities, Luxembourg, 1983. European Union and European Community, Clive Church and David Phinnemore, Harvester Wheatshed, 1994, £15.95. Maastricht and Beyond, ed Andrew Duff, John Pinder and Roy Price, Routledge, 1994, £40 (hbbt), £12.99 (pbb). Solidarity and Survival: a Vision for Europe, John Lambert, Avebury, 1994, £32.50. The Organisation of Europe, D M Harrison, Routledge, March 1995, £37.50. Jean Monnet, François Duchène, Norton, January 1995, £2.

with greater effect.

ECONOMIC VIEWPOINT

The other side of the trade coin

By Samuel Brittan

raises national savings relative to domesthat the halance of payments surplus could seem to hecome too much of a good thing?

cits disgraceful. So worry about a surplus might take a

more indirect form. The most

obvious worry would be if a

surplus were associated with a

rising pound. I still have files full of letters, dating from the

last time we had this combina-

tion, in the early 1980s, from

manufacturers complaining of

the devastation that a high

pound had brought on British

But even if the pound does

not rise, political grumbling

could emerge. Some commen-

tators will start saying that

even exports should not have

all the best times, and that it is

time that British consumers

were allowed to experience a

feel-well factor. This, of course.

would be the instinctive reac-

From an economic point of view a further distinction mat-

ters. That is whether an

export-led expansion is so

rapid as to impose an inflation-

ary threat, or whether it is not.

In all these cases the "execu-

tive summary" is the same.

so long as it lasts, as measures

to counteract it will be

"Sit back and enjoy the surplus

tion of many Tory MPs.

industry.

ments deficit of £12bn for 1995. According to one main-stream forecast, Cambridge those worry about Econometrics, the current such things, the answer is, account will still be in small deficit in 1995 before moving 'Quite easily, into surplus from 1996 ves.' As the current balance onwards. Of the forecasters polled by the Treasury, only five had the courage, as of last December, to forecast a surplus

otura non facit sal-

tum. Nature does not move in leaps.

That was the motto

the late Victorian economist Alfred Marshall solemnly put

at the head of his Principles.

This may be true of basic eco-

nomic processes. But buman

perceptions of them do indeed leap around very rapidity.

Who would have thought, for

instance during most of 1994,

when the more sombre com-mentators were still bathed in

gloom about the deep-seated

weakness of the UK balance of

payments, that the Central Sta-

tistical Office would announce

as a pre-Christmas present on December 22, a third-quarter

current account balance of

payments surplus at an ann-

ualised rate of £3.2bn, the first

such aurplus for 71/4 years?

Well into last summer the

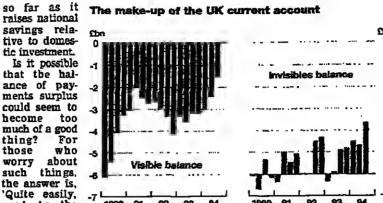
standard prediction from the 38

independent forecasts collated by the Treasury, was of a pay-

is tha imperfectly measured difference hatween huge flows in both for 1995. Yet events have a directions, it will not take habit of getting ahead of the much to transform a deficit worrier into a surplus worrier. There could still be lurches There are, of course, differin both directions; the raw figences, because surpluses are regarded as worthy and defi-

ures show only a bare balance which turns into a surplus after seasonal correction. But the striking feature is that it is part of an improving trend, in sharp contrast to anything that had been expected by the Treasury or most forecasters. The improvement has been apparent in both visible and invisible overseas earnings. Both exports and imports rose in volume, but exports rose faster - the opposite of the typical picture of the British economy.

These trends are particularly remarkable because they have been achieved at a time when UK growth has been above trend, but Britain's main trading partners in Europe have just begun to pick themselves off the recession floor. This combination would in the past have resulted in an increasing deficit. The move into surplus has indeed reflected the 1992 depreciation, when sterling was forced out of the exchange rate mechanism; but there have been many other devaluations without such results. The drastic running down of the British government's underlying Budget deficit may be even more important, but only

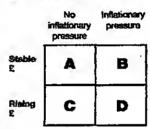


extremely foolish.

But for those who want to probe further I have put the main possibilities into a fourcell diagram, showing a payments surplus being accompa nied either by a rising or a stable pound and with or with out an inflatiooary problem. These do not exhaust the possihle combinations; but it makes for clarity to concentrate on the most likely cases.

The situations shown in cells A and B in the first row are clear from a policy point of view. If the pound is stable and there is no inflationary pres sure, as in cell A, leave the surplus alone and do nothing. The gain from the surplus will come from a rise in net UK overseas assets. Similarly there is no policy conflict - merely a test of political will - in the case of cell B. If the upturn in export demand is creating

of a surplus



clear inflationary pressures. the appropriate increase in

A dilemma hegins emerge in cell C. where there pound and no inflationary pressure. There will then be a lot of industrial lobbying for rates to put a brake on sterling, which will

be reinforced by political pro-ponents of domestic relaxation. But these pressures should be resisted. If the economy ia growing normally, reducing interest rates will stoke up inflationary pressure unneces-sarily. The rising pound will itself improve the lot of the consumer by keeping domestic prices lower than they otherwise would be.

The biggest dilemma is represented by cell D. Here a rising pound will lead to calls for interest rate cuts, but rising inflationary pressures will lead to calls for base rate increases What does the poor governor of the Bank of England then recommend? In my view an increase in interest rates. That is the appropriate response if policy is geared to an inflation objective, as It is supposed

The difficulty of selling this course of action is that sterling could then respond hy rising higher still. A climbing pound would, however, be one of the ways by which inflation would be curhed. And even though industry would grumble, consumers' real incomes would at last be getting a real boost from the economic upturn.

It will not have escaped readers that the choices I would make are in favour of domestic stabilisation and would apply even if there were no payments surplus or if (as in fact is the case) we had little idea what the current balance of pay-

In the hypothetical case of European Monetary Union, the balance of payments of the UK would be even less relevant than it is today. A big difference, however, is that the dilemma cases in the second line of the chart cannot occur with a common European currency. For if sterling as such did not axist, upward and downward lurches in the pound could not cause probleme. The European Central Bank would raise interest rates only if there were inflationary pressures in the European Union taken as a whole, just as the Federal Reserve has to look at average conditions throughout the US. But if the pressures

were confined to tha UK or one

or two other regions, they would not determine policy.

Unfortunately this course is

not an option open to a British

government which is so loudly

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sceptical about the chances of eanwhile, the main reason why policy should not be deflected by a payment surplus are a mirror image of the reasons for not getting too excited about a deficit. The conventional discussion leaves out the capital account. Just as a current deficit has its counterpart in a net inflow of capital, so a surplus has its counterpart in an out-flow. Just as a deficit may represent willing net overseas investment in the UK, so a surplus may represent willing UK investors placing their funds

abroad. As one of the world's principal authorities on such matters, Professor Max Corden has just put it in a relatively simple prose exposition.* "There can be no general presumption that a current account deficit is undesirable." The current account should be watched mainly for its "signalling role" especially if it is a sign of an excessive Budget deficit.

What could a current surplus be signalling? That the Budget deficit is too low? Corden warns of the dangers of fiscal management aimed at perceived short-term problems. Having spent so much energy and political capital in correct ing the structural Budget deficit it would be absurd to go into fiscal reverse and cut taxes in an attempt to fine tune the current balance.

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LETTERS TO THE EDITOR

Number One Southwark Bridge, London SEI 9HL Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

Eurospeak resolution a clear winner

From Ms Eirlys Roberts.

Sir. For years, the British press has enjoyed itself by poking fun at "Eurospeak", and long may it go on doing so. It makes a nice change from pok-ing fun at the language used by our own borough councils. Chrissie Maher, head of the Plain English Campaign, and your journalists, Allce Rawsthorne and David Gardner, are right ("Campaign for clarity aims to end Eurospeak", December 31). Obscure language is an offence to the pub-

lic and has to be fought. That is why two organisations - European Research into Consumer Affairs and Consumers in Europe Group -have been campaigning for several years to get the European Commission's language simplified by lobbying, organis-ing competitions and awarding

In July 1993 we saw a result. The EU Council of Ministers passed a resolution on legal drafting which ordered its civil servants to use wording which was clear, simple, concise and

No unnecessary abbrevia-tions. No "EU jargon". The same term throughout for the same concept. And so on. Sir Ernest Gowers, author of The Complete Plain Words and editor of Fowlers Modern

unambiguous.

English Usage, would have been proud. Now comes the hard bit; getting the lawyers, translators, scientific experts and civil servants to do what they are told.

Eirlys Roberts, chairman, Europeon Research into Con-

Shareholders shun democracy

Sir, The Lex article of December 31, "UK governance" (as an American I shudder at the Britisb import of that hor-rible term), rightly asks for an investigation of the responsibilities of shareholders and the reluctance of UK institutional shareholders to vote at general meetings. This is particularly apposite when journalists call for sbareholder approval of

executive salaries. At the last AGM of the public company over which I presided, the total shares represented by written proxy and in person, as I recall, was 8 to 10

per cent. In a prior discussion with a leading shareholder when I was pressed to take certo management privately.

tain corporate action (no doubt regarding payment of a dividend), I suggested the share-holder came to the AGM and state its views publicly. Oh no, I was told, we never take a public stand; we prefer to talk So much for shareholder

democracy - and do we really want 8 to 10 per cent of shareholders deciding on executive remuneration? incidentally, at that AGM, I suggested to my fellow directors that we should publicly announce the percentage of shareholder participation, but was told this fact might give an undesirable impression. Perhaps companies should be required to state such facts.

It all says to me, as your article implies, that institu-tional shareholders are not really "members" of the company in any real sense, but are in for the (hopefully) quick profit, ready to criticise in private but unwilling to take any public responsibility. Roland Shaw, Heritage Oil & Gas, 535 Kings Road, London SW10 0SZ

Ground rules for an export-led recovery

From Mr Ian J Campbell. Sir, The forecast by Cambridge Econometrics reported on January 3 ("Balance of pay-ments surpluses seen for UK until 2004") reinforces the views expressed by this institute throughout 1994.

The 1992 devaluation of sterling, the opening of the single market in 1993, and the volume of inward investment over the past decade have all helped to ay the foundations for a sustained export-led recovery. Three caveats, bowever,

must be noted. First, interest-rate policy must be very carefully thought through by the chancellor and governor. Any decision to raise rates to combat inflation must also consider the likely effect on the competitiveness of sterling and the propensity of industry to invest.

Second, the evil of short-ter-mism must be tackled. Companies must invest in plant and equipment if we are to have the products to service growing world markets. However, shareholders' divi-

dend expectations and banks' attitudes to long-term finance must change if such invast-

ment is to be undertaken. Third, UK companies must stop treating international husiness as a "bolt on" activity. Exporting must be seen as a direction, not just a function, of the business. This means having a strategic approach to overseas markets, an international view of product and marketing development, and a cohesive training policy to produce culturally aware export sales and service personnel

Ian J Campbell, The Institute of Export, 64 Clifton Street, London EC2A 4HB

US policy in Gulf not motivated by self-interest

From Mr Lance Gay. Sir, I have a minor quibble with Jurek Martin's otherwise

masterful and expert analysis of US foreign policy ("Global policeman called home", Janu-He states that the Gulf war

of 1991 was "fought in part to protect US oil supplies". In fact, according to the World Therefore it would be more Almanac and Book of Facts, in correct to say the Gulf war was

1989 US oil imports from the Arab-state producers amounted to half of the 20 per cent of the country's oil consumption coming from Opec producers. The quantity was even lower dur-ing most of the 1980s. The main markets for Gulf

and Japan.

oil were, and still are, Europe

fought in part to protect European and Asian oil supplies - a fact that European newspapers, particularly thosa of a leftwing hent, consistently ignore when they pillory US foreign policy as being purely motivated by self-interest. Lance Gay Logger 200, 1186RW Amstelveen,

The Netherlands

Jobs survey underestimates extent of employment revolution

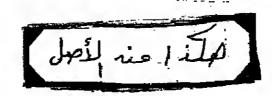
From Mr Nigel Wilkins. Sir, The statistics quoted by Mr Andy Lake (Letters, December 22), illustrating the sharp growth in self-employment and the number of temporary jobs, appear to contradict the results of the survey conducted by Simon Burgess and Hedley Rees, indicating the continued availability of permanent jobs excluded the growing propor-("Jobs for life still availtion of the labour force that no

able to many", December 9). Burgess and Rees succeeded in demonstrating that many workers are still in what might be considered "lifetime" jobs with the average length of time spent with the current employer little changed over the past two decades. However, by its nature this survey

longer works for an employer, in particular the self-employed, the unemployed and the involuntarily retired. Including these groups, the proportion of the total labour force with a "job for life" would be much lower than Burgess and Rees

Another key difference compared with two decades ago is that today a much higher pro-

portion of the departures made hy employees from "permanent" jobs results from redundancy, the cause of considerable distress. Back in the 1970s, most moves occurred because an employee had been offered 2 better joh elsewhere. Nigel Wilkins, 8 Petersham House, Harrington Road,



FINANCIAL TIMES

Number One Southwark Bridge, London SE1 9HL Tel: 071-873 3000 Telex: 922186 Fax: 071-407 5700 Thursday January 5 1995

Mexico faces market test

President Ernesto Zedillo would like to have put the turmoil of the past few weeks behind him with the government's emergency eco-nomic plan announced on Tuesday. In principle, the package ought to revive investors' confidence in the Mexican economy, so lowering the short-run costs of the peso's devaluation. But, as yesterday's further decline in the currency showed, it will do so only if the government is able to show a good deal more sureness of touch in the months ahead than it has in

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recent days.
On the face of it, the markets' reaction to the stabilisation plan is difficult to justify. The package is a broadly coherent response to the more than 40 per cent fall in the peso's value since December 19. The monetary and fiscal targets built into the plan could well prove overoptimistic, particularly if interest rates remain at their present levels. But two crucial elements are in place which back up Mr Zedillo's efforts to ensure that devaluation delivers real competitiveness gains, and not simply a return to stagflation.

The first is the \$18bn in balance of payments support from foreign governments and banks set up over the weekend by the Bank for International Settlements. This will be especially needed in the first six months of this year, when the government faces not only an automatic rise in the value of imports; hnt the maturing of \$16.9bn of dollar-denominated gov-

ernment bonds. It is a tribute to the Mexican growing importance - over the past decade that the US and other countries were so quick to commit themsalves to supporting Mr Zedillo after the devaluation. Key supporters at home, namely the unions, were slower to sign up to the deal, thus causing the unseemly 24-hour delay in the

president's official announcement. The "pacto" on wages and prices which the government eventually agreed with unions and business leaders is the second, and more important, element of the plan. The unions' initial reluctance to keep to the 7 per cent limit on wage growth agreed before devaluation is understandable. Even if all goes according to plan, the gov-ernment expects inflation to top 16 per cent next year as a direct result of the peso's fall. Union leaders have repeatedly been told over the past decade that falling real wages were a necessary sacrifice for future growth. A further drop of at least 8 per cent after the country's first year of significant recovery must be a bitter pill.

Laudahly, Mr Zedillo did not attempt to claim that sticking to the deal would be easy. But he could have made it somewhat easier by more effectively stagemanaging its announcement. As it was, the delayed presentation carried unfortunate echoes of the government's botched handling of the devaluation itself. The peso's fall still offers tremendous long-term economic benefits. But they will be increasingly difficult to grasp if Mr Zedillo continues to

wohlle in his tricky first steps

Make them liable

Most businesses of any size or substance in the late 20th century conduct their operations through subsidiaries which are owned and controlled hy a parent company. Yet this fundamental organising principle is largely ignored by British insolvency law which, despite recent reforms, remains firmly rooted in the 19th century. A consequence is that when parent companies periodically refuse to honour subsidiary company debt, much of the business community is scandalised as trade creditors are hit. The recent, to put its Athena Holdings poster and card retailing subsidiary into administrative receivership is the

latest in a long line. In law, even when the holding company's stake in its subsidiaries is the same throughout the group, the existence of separate aubsidiary company creditors means that the directors of each company have to have separate regard to its particular interests. In practice, inter-company transactions are often done on nonarm's length terms and money swills around a group without regard to the independently assessed cash requirements of the legal subsidiaries. Why has nothing been done to bring the law

into line with business reality? A theoretical objection is that the twin concepts of limited liability and the separate legal personality of the company underpin the operations of the capital markets. To retreat from them might impede the flow of capital into the corporate sector. Yet it is hard to believe that many modern companies would be reluctant to raise and invest fresh capital without the reassurance that they could run away from the investing subsidiarles' debts. Nor, again, that these legal principles, which allo-cate risk between owners and creditors, could not be amended to conform with a modern view of ethical business practice.

They have anyway recently been eroded by the introduction of the wrongful trading provisions of the 1986 Insolvency Act, whereby tors can be held responsible for subsidiary liabilities. Yet the government drew back from more specific reforms. The best solution to what the Cork Report on insolvency law called a seriously inadequate legal framework would be to embed tha group concept more firmly in the law, for example by making the parent company responsible for all group debts. Yat this gives rise to technical difficulties because of the complexity of group capital structures, the existence of foreign subsidiaries and transitional problems arising from changes in creditors' rights across the group.

An alternative would be to give the courts a wider equitable right to disregard the separate legal status of subsidiaries in specific circumstances, as in other Englishspeaking jurisdictions. At the very least, all subsidiary companies should be required to state clearly on their notepaper whether the parent stands behind them.

lhinese risks

Let the creditor beware. Always a good motto for the foreign investor, it is essential for anyone puttlng snhstantial amounts of money Into emerging markets. This has been made clear by the collapse of the Mexican peso. Even China, darling of foreign Investors, has begun to shake investor

Recently, there have been several disturbing events: a dispute with Lehman Brothers, involving prominent state corporations, over losses of \$100m (£64m) on currency trading; an argument with the London Metals Exchange over by self-inter \$30m-\$40m in trading losses incurred by the China international Trust and Investment Corporation (Citic); complaints about the non-payment by state enterprises of \$500m-\$600m to joint venture leasing companies; and reports by Hong Kong ship owners of substantial arrears.

All of these cases involve China's still largely unreformed stateowned enterprises (SOEs). They have been offered substantial commercial freedom by the central government, but are operating without legally enforceable property rights or effective bankruptcy procedures. Close to half of them have been running losses. At the same time, the government is imposing a credit squeeze, albeit balf-heartedly, in order to lower consumer price inflation from the 24 per cent reached last year. Fear of inflation also explains why the government has been unwilling to liberalise controlled prices, which

are an important explanation for

SOE losses. The inevitable result of all this bas been a rising lake of had debt. which was bound to spill over on to foreign creditors.

The Chinese government argues that enterprises and their credi-tors have to sink or swim on their own. Since the Chinese state remains the dominant shareholder and is responsible for the highly defective policy environment within which SOEs operate, this is disingenuous. But foreign investors have received a timely warning: they must rely on the good faith of enterprises no longer disciplined by the state, but not yet disciplined by the market.

The difficulties of some SOEs need not affect the credit of the Chinese atate itself. The trade account had a surplus of \$2.4hn in the first 10 months of 1994, while foreign direct investment was no less than \$25.2bn. Furthermore, the ratio of external debt-service to exports is currently 13 per cent, modest by the standards of many developing countries. A reduction in the rate of capital inflow would even help the authorities curb

inflationary pressures. China does have huge economic potential. But investment there is unavoldably risky. Quite apart from the polltical uncertainties, the institutions of a market economy have not yet been put in place. Investors would do well to remember that the emerging country which offered dazzling opportunities in the last century was the US. There, too, the economy thrived. But many foreign investors lost their shirts.

iplomats at the General Agreement on Tariffs and Trade In Geneva had an extra resson to celebrate the arrival of the new year. After a hectic scramble, they suc-

ceeded just before Christmas in bolting into place arrangements for the launch on January 1 of the new World Trade Organisation and the Uruguay Round agreement, intended to usher in a bigger and better global trade system.

Now they and the more than 120 governments they represent must show they are able to make the new machinery work.

Rarely has the birth of an international institution been preceded by higher expectations. The WTO has been widely hailed as the centrepiece of a stronger and more cohesive framework for accelerating the liberalisation of economies worldwide and promoting more effective policy co-ordination between them. Some observers, however, fear the optimism may be overdone - and could even prove self-defeating.

"The new system has built up expectations which may be unrealistic," says Professor John Whalley, a trade policy expert at Warwick University. "There is a danger that if they are not fulfilled, some of Gatt's achievements will be

Even the WTO's most enthusias-tic supporters admit the enterprise involves a hig leap of faith. Unlike the International Monetary Fund or the World Bank, the organisation will have no resources of its own other than its operating budget. "Its role will depend entirely on its credibility," says a senior trade official

The WTO is equipped with a broader remit and stronger proce-dures than Gatt. It is also designed to ensure fuller participation; while countries, particularly developing ones, could choose not to observe some Gatt obligations, they must subscribe to all the WTO's much wider range of agreements and dis-

However, the WTO, like Gatt, has no powers to force through decisions, which will mostly be reached by consensus. Ultimately, its effectiveness will depend on how readily members co-operate in advancing liberalisation by making reciprocal concessions based on a calculation of self-interest.

Steering their deliberations will be made no easier by deadlock over a leader for the WTO, which has led to Mr Peter Sutherland, Gatt's outgoing director general, being asked to stay on until March. Few observers think this arrangement can run beyond then without weakening the

WTO's impact. Mr Sutherland has also had only partial success In persuading gov-ernments to beef up the Gatt secretarlat, which will serve the WTO. Though its bndget has been increased about 10 per cent to SFr105m (£50m) this year, that is less than half what Mr Sutherland initially demanded, leaving many of Gatt's 400 staff disgruntled. "Morale in this organisation is pretty low

By contrast, the WTO faces a far heavier workload than Gatt. It starts life with more than 30 councils and standing committees twice as many as its predecessor. These must handle an array of challenging new issues not previously covered by Gatt, including trade in services, intellectual property and the environment.

hen the race to head the WTO began last summer, it was supposed to be a contest between individual candidates. But it has rapidly turned into a fractious power struggle between

regions. It was agreed at the outset that, unlike the post of director-general of Gatt, which bas always been held by a European, the WTO leadership should he open to all-

As well as wanting to attract a wide field of candidates, Gatt members judged the approach offered the best chance of selecting some-

Dreams behind the scenes

Guy de Jonquières asks whether Gatt's successor, the World Trade Organisation, is likely to live up to expectations

For several years to come, its operations will be dominated by decisions taken in the Uruguay Round. For instance, an agreement to create rules to protect intellectual property rights has to be translated effectively into national law. Landmark accords to reduce or dismantle trade barriers in agriculture and textiles must be carefully monitored to ensure they are being put

In some areas, complex further negotiations will be required if objectives set in the round are to be achieved. The most important is services, where Gatt members have agreed a broad framework for liberalisation, but have yet to decide exactly how to fill it.

Efforts to liberalise financial services, in particular, may pose an early test of the WTO's role as a bargaining arena. Though multilateral negotiations started in the middle of last year, they have yet to get under way in earnest - and participants have set a July 1 deadline for

Close observers are cautious ahout the prospects, which may hinge on US success in persuading Japan and other Asian countries to open up their markets. Says one: "I don't see much sign of movement so far. The main priority may be to avert complete breakdown."

The talks may also test the feasibility of another WTO ambition, to end omnibus trade rounds by developing into a permanent negotiating forum. Though negotiators dread the thought of another lengthy ordeal like the Uruguay Round. some question whether it will be possible in the WTO to generate the complex linkages and sense of urgency needed to achieve substantial breakthroughs. Mnch the most pressing challenge

confronting the organisation, however, is to bed in new procedures for settling international trade disputes. "Ensuring the procedures work and command confidence is crucial to everything," says a senior trade official. "If their authority is once eroded by a blg trading power, that will be the end of the WTO." Effective resolution of trade conflicts is important not only for international harmony. It is the most critical and politically sensitive factor underpinning the cohesion of the international trade system and

and disciplines. Gatt's record on this score was mixed. Countries regularly disregarded adverse rulings by disputes panels, while the US has cited the inadequacy of Gatt mechanisms to justify its aggressive use of unilateral trade weapons against Japan and other trading partners. In the WTO, the system should be

Parties to conflicts will no longer be entitled to prevent disputes panels being set up, choose their members or block rulings that go against them. There will be more scope for retaliation against countries which ignore rulings, and an independent body is planned to hear appeals. These improvements have not

stopped the US - long the most frequent target of complaints in Gatt - from placating congressional critics by appointing a committee of federal judges to review WTO dis-

putes rulings. Opinions remain faster, fairer and more efficient. divided over whether the committee is more likely to undermine the WTO's authority by second-guessby providing an additional seal of approval.

It is widely agreed, though, that if the new mechanisms are to have an impact, they must quickly establish a reputation for judicial rigour, impartiality and a sure grasp of technical detail. Particularly critical will be the quality of the seven part-time memhers of the appellate

body, to be chosen early this year. Some observers expect the pres-tige and novelty of the jobs to attract a rich field of applicants. Others fear good candidates may be deterred by the modest remunera-tion offered: a \$5,000 retainer and a \$500 daily fee for 60 days' work a

But however impeccably decisions are taken, what really counts is making them stick. In an organi-sation like the WTO, the core of which is a set of voluntary contracts between sovereign governments, that comes down to a ques-

tion of political acceptability.

As the fraught Uruguay Round ratification debate in the US Congress underlined, maintaining a broad international consensus is a delicate task. Many trade experts believe it is likely to become even more difficult as the scope of global liberalisation expands and thrusts more deeply into sensitive areas of domestic policy, such as the envi-ronment and the treatment of for-

eign investment. This trend, they warn, risks arousing mounting resistance from protectionist forces unless the WTO takes steps to entrench its legitimacy more broadly. A priority, they say, is to strip away the cocoon of monastic secrecy that shrouded the Gatt and expose the organisation's workings to public scrutiny.

o far, though, the US is the only government to campaign for more openness. Others are cautious or hostile. Some object that greater transparency could give non-governmental organisations, such as environmentalists, the right they have long sought to participate directly in world trade

policymaking.
"Governments have long used Gatt to collude in private against their domestic pressure groups," says one official in Geneva. "Allowing the greens in could thwart liberalisation by opening the doors to farmers and all kinds of lobbies opposed to free trade,"

The nature of the WTO's relationships with the outside world is also at the centre of another contentious issue: how should the priorities for the future world trade agenda be set and their implementation assured? To a large extent, the question turns on the role of the future WTO

Many negotiators in Geneva believe the job should be largely administrative and focus on making the machinery tick over smoothly. Says one: "In this organisation, the members will do most of the work, and most of them are determined to keep policy formulation to them-

Many trade policy experts, how-ever, think the challenges ahead require the WTO leader to play a more assertive role. As well as giving the organisation a high public profile, this would include generat-ing new ideas, actively building consensus and persuading heads of government to accept politically difficult decisions.

In the final analysis, though, it what sort of WTO they want, and the shape of the world trade system lt presides over. In the words of Professor Robert Hudec of Minnesota University, a leading authority on international trade law-Those of us who have watched Gatt operate for years have long realised that political will is everything.

Regional power struggle

So far, bowever, that bope has been disappointed. Instead of unifying the new organisation, the con-

test has hit deadlock, reviving old rivalries and provoking new ones. Of the three candidates, Mr Renato Roggiero, a former Italian trade minister and the EU's champion, claims the widest support. He says he is backed by more than 70 countries in Africa and the Middle East as well as in Europe. The remaining WTO members are

said to divide more or less evenly between former president Carlos Salinas of Mexico, whose support is confined to the Americas, and Mr Kim Chul-sa, South Korea's trade minister, who has found little

favour ontside Asia. However, Mr Ruggiero's opponents are not ready to concede victory. They argue that much of his support is from countries with a minuscule share of world trade and has been politically orchestrated hy

Critics say Mr Ruggiero's cam-paign has made much use of the EU's preferential trade and aid links with the developing world, while his claims to victory on the basis of baving a majority of "votes" ignore the fact that tha final decision must command a consensus among all WTO members.

Prospects for ending the impasse may rest on an informal understanding to allow Mr Salinas, who was unable to campaign actively until be stepped down as president

on December 1, a few weeks more to canvass support.

If he won more backers, particularly in Asia, the hope is that Mr Kim would gracefully withdraw. The final decision would then come down to bargaining between Brussels and Washington, which

strongly favours Mr Salinas. If that proves impracticable, bowever, the only ontion may be to scrap the contest and start again. In that event, any pretence of holding an open race would probably be abandoned in favour of behind-the-scenes wheeling and dealing between the WTO's higger

OBSERVER

One man's Christmas cards from him arrived gain... in the Falkland Islands, to the delight of the recipients. Not that they have much affection for ■ Anyone who has ever pressed the wrong button on a calculator, and failed to notice the arror, might Buenos Aires, simply that the cards were addressed to the Falkland/ spare a thought for the accountant Malvinas islands, the first time in at Boston's Fidelity Investments, who single-handedly managed to 160 years that Arcentina has used the English name ahead of the unleash a tremor across the world's

stock markets last month. The unnamed bean-counter's misfortune was to record a \$1.3bn capital loss as a \$1.3bn capital gain Remarkably, this simple error escaped detection for several weeks In the meantime, Fidelity's \$35hn Magellan Fund - the US's biggest mutual fund - went ahead and

declared a year-end dividend.

Eventually, the glitch was spotted, unprintable words were no doubt uttered and Fidelity cancelled the payout. Now Magelian has made a clean breast of the accountant's role in a letter to shareholders. History does not relate, alas, what bas become of the careless

number-cruncher. Perhaps be has been found a job in the Office of Management and Budget in Washington DC.

Seasonal wishes ■ Guido di Tella, Argentina's foreign minister and a former Oxford don, has clearly learnt much from Hollywood crime movies. either that or his recent good cop:

bad cop routine is a coincidence. This week some 500 lata Argentine one. Di Tella's cards also used Port Stanley rather than Puerto Argentino, Buenos Aires's name for the islands' main town.

Then he went and spoilt it all. Now be says there is "a risk of potential conflict", thanks to the UK's decision last September to extend a conservation zone by 870 miles around the Falkland Islands, to protect stocks of squid, the Falklands' main source of income. We shall have to see if any Easter eggs arrive before we know which way the wind is really blowing.

Inflationary

■ Is there any relation between the size of the UK's Finance Bill and the importance of its contents? Yesterday's 348-page tome was 69 pages shorter than last year's but still the second higgest ever.

lt's a far cry from 1983, when the government needed only 94 pages to cover not one, but two, Finance Acts. In Nigel Lawson's day, the Finance Act never ran to more than 275 pages and Norman Lamont's always ran to fewer than 200 pages.

MAXIMUM SECURITY PRISON · Mr tre !

But the current chancellor is much more of a fiddler. Having set a record with last year's Finance Act - at 461 pages it was the longest ever act of Parliament - this year's final version is likely to top 400 pages since It is unknown for Parliament to produce a Finance Act shorter than a Finance Bill. And the condition of the economy? Getting fatter of course.

Boris's boys

■ For those confused about who is running Russia these days - their ranks are growing - the Russian-language weekly magazine

Moscow News highlights six politicos to watch this year. They are: the president's head of ecurity; his pedicurist; his gardener, his Soskovets (Oleg Soskovets is the first deputy prime minister); his nasal adviser, wittily

Our money's on a seventh - the president's travel agent.

termed a "Nosovets" by the

magazine; and the president

Leif me alone

Exercise caution when calling the ambulance services in Norway: they're mighty vigilant. An entirely healthy Norwegian - identified only as 'Leif' in the Oslo newspaper Verdens Gang - was picked up by an ambulance crew who went to the wrong address.

"I tried to protest when the ambulance came, but then I was told that from then on they were making the decisions and that I had no say in it," he said. The crew was supposed to pick up another man, with the same name, from the same village. Could happen to anyone.

On the map

■ No problem finding where Zee TV. the Hindi-language satellite service which is rescuing Londonbased TV-Asia, is hanging out Hinde Street, a stone's throw from Broadcasting House in London. Zee, whose Indian parent of the

same name has revolutionised broadcasting in India, is part-owned by Rupert Murdoch. But finding its own way in the increasingly crowded ethnic cable and satellite market will be rather more of a challenge than studying London's A to Z street atlas.

Unfair play

■ Staff at the UK's Sports Council spent a surprisingly quiet day yesterday. They had expected a rush of spplications for National Lottery funds. After all, between November 18 and Christmas they had more than 12,000 inquiries and at least 100 formal bids arrived even before the bidding opened.

But yesterday only a handful of bids arrived, by registered delivery. Where was all the rest? David Carpenter, head of the council's planning team, has "a sneaking suspicion that there's a sizeable sack hidden somewhere".

Suspicion has fallen on striking Post Office workers. Or maybe the Australian cricket team has been at

Hard cell

■ Suggestion to flustered Home Office mandarins endeavouring to dig their boss Michael Howard out of the hole in which he finds himself. Set up a committee. Its working title? The Penal League for Howard Reform.

FINANCIAL TIMES

Thursday January 5 1995



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Republicans hail 'amazing' day

The balance of power formally shifted in Washington at 1.35 yesterday afternoon, as Congressman Newt Gingrich from Georgia became the first Republican in 40 years to wield the Speaker'e gavel and call the House of Representatives to order.

But it was Newt the emollient rather than the doctrinaire con-servative who then delivered his 30-minute maiden address. He read at length from his Contract with America, the Republican election manifesto, but also commended past and present Democrats beyond number for all they had done for the country, especially ending segregation.

He promised an on-line, televised open House which would vote faster - and deliberate more publicly. Republicans would go away for weekends to consult with the black and hispanic caucuses, whose funding be proposes to eliminate. "This is a society of civil behaviour," he proclaimed.

By Haig Simonian,

Environment Correspondent, in London

Water distribution companies in

the European Union would have to spend up to Ecu20bn (\$24bn)

on new pipes to meet higher water quality standards proposed

in a draft directive passed by the

If the new rules are extended to

The bulk of the burden, nearly

Ecu20bn according to informal industry estimates, would fall on France, Italy and the UK, the

other countries most affected,

would have to spend more than

Ecul4bn and Ecul3bn respec-

The investment will be needed

to meet new rules drastically

reducing the level of lead in

drinking water. High quantities

of lead are a serious health risk, according to the World Health

The new directive, still to be

bouseholds, the investment

required may rise to Ecu70bn.

Commission yesterday.

Jurek Martin sees the start of the 104th US Congress

His election victory 16 minutes earlier over Congressman Richard Gepbardt of Missouri had been a formality, but it was imbued with a nice touch of history. The new House, sworn in sbortly after noon, cast its vote the old-fashioned way, by voice, rather than by the electronic

Mr Gingrich was then sworn in as Speaker by the Democratic dean of the House, Mr John Dingell from Michigan, a liberal warborse with 38 years of service. Before launching his chamber into a busy day of changing its many rules, the word that had crossed Mr Gingrich's lips most

frequently in breakfast inter-

views, at a press conference, and

even, soundlessly, as he stood on the podium listening to Mr

ment and the Council of Minis-

ters, proposes cutting the level of

lead to 10 microgrammes per litre

The impact will be greatest in

areas of soft water, which is more

corrosive, such as the north-west

of England and the Midlands,

according to Mr Don Ratledge, a

spokesman for the Water Ser-

Wales. Towns with a relatively high proportion of lead pipes,

such as the large urban conurba-

tions which grew quickly during

the industrial revolution, will

the first revision of the EU's

water directive passed in 1980

Research has since found additional hazards from lead, prompt-

ing the WHO to recommend the

The new ruling was welcomed

10 microgrammes per litre limit.

by the WSA and the Water Com-

panies Association, the two UK

water industry groups. Mr Mike Swallow, director of the WCA,

which brings together the 20

The new standard represents

also be affected.

rices Association of England and

cost EU companies \$24bn

The sense of being part of history and part of the romantic myth of this country . . . it's just one of the most amazing things I've ever been through." He started early, on Capitol Hill before dawn, revelling in every moment. He promised co-opera-tion and confrontation with the White House

Gephards, was "amazing".

Over in the Senate, where they have seen all these things before, including a Republican majority in President Ronald Reagan's first six years, there was less of the whiff of conservative revolution in the air. Vice-president Al Gore performed his constitutional duties and swore in the newly-elected senators before banding over the gavel not to Senator Robert Dole, the new

UK, said the ruling represented

"sound science, but pragmati-

A spokesman for Lyonnaise des

Eaux, France's second biggeet

water distribution group, said the company was still studying the

new ruling, which had come as

to be given 15 years to replace-lead piping. In the UK, most

mains pipes have been replaced by pipes of plastic, copper, or

Critics questioned the proposal

The Commission's decision not

to extend the directive to bouse-

holds stems from sensitivity

to the huge investment invol-

estimated Ecu70bn to meet the new standard for lead stems from

households, with the remainder

coming from the water distribu-

About three-quarters of the

as it excludes pipes in individual bouseholds, where about three quarters of the estimated spend-

steel lined with concrete.

ing will be required.

Water distributors are expected

cally applied".

no surprise.

Strom Thurmond from South Carolina, 91 years old and intent on breaking all records for lon-

Only in one respect did Mr Gingrich's day not proceed according to plan. He allowed himself to be incensed at what he called the "despicable conduct" of Ms Connie Chung, the CBS anchorwoman, in extracting from his mother the confession that her son was wont to describe Mrs Hillary Clinton with an epithet identical to that used by Mrs Barbara Busb. "I can't eay the word." the previous First Lady once said of Mrs Clinton, "but It rbymes with rich."

Mr Gore's ceremonial role apart, the Democratic administration adopted a mostly politi-cally correct low profile. President Bill Clinton himself was back home in Arkansas, attending the dedication of an new ele-mentary school named after him.

Ruling on lead in water may

Continued from Page 1

ary 12 to discuss bow it can help bring an end to the bloodshed. Mr Alain Juppé, the French foreign minieter, yesterday said: "We have a right to demand contacted our 14 partners of the European Union so that we turn to Russia and ask Russia to give

is a member, will meet on Janu-

Mr Douglas Hurd, UK foreign secretary, said on a visit to Ban-gladesh that the Russians "know of our concern and our anxiety".

Spain

Continued from Page 1

an explanation," he said.

put short-term rates at levels appropriate to preventing infla-tion risks perceived in the months ahead. Underlying inflation bas

remained unchanged at 4.4 per

Yesterday's move is an encouraging start. Further flexing of the bank's anti-inflationary muscles later this cent year-on-year between July and November. Markets antici-pate a sbarp price rise this month because of a 1 per cent rise in VAT and higher taxes on

THE LEX COLUMN

Short rate riddles

Something is away in short sterling futures. Most City economists believe that three-month interest rates will range from 7.5 per cent to 8 per cent by the year-end. Yet the December 1995 short sterling future contract suggests a figure a shade below 9 per cent. The margin between the two can

be explained by fear and politics.

A wide differential has existed since mid-1994. It was encouraged by futures hedging by building societies and banks against strong demand for fixed-interest mortgages. Several secu-rities bouses spotted the apparent anomaly. However, they suffered losses when the government demonstrated its willingness to put up base rates to pre-empt inflation. Though many still feel an anomaly exists, few are now prepared to bet on it.

One key to the outcome will be inflationary expectations. Economic recovery has been carried on the back of an export boom, and there are signs of capacity constraints among manu-facturers. Nonetheless, Christmas retailing appeared weak and the hous-ing market is flat. Recent statistics on money snpply and manufacturing prices have also added to a picture of limited inflationary pressure.

This brings in the greater uncertainty of politics. Some believe that, with a pleating some believe that,

with an election due in 1997, the government will want to bring interest rate pain forward to 1995. Some interest rate manipulation is likely, and the outcome will be critical for UK markets. But the futures market interpretation seems to err too far towards political expediency, as against economic reality.

The Bank of Spain needed just four days of new-found freedom before it raised rates. Although the increase was higher and earlier than expected, the bank should not be too disappointed by the markets' muted reaction. The bond market's initial rally was supported by the strong anti-inflationary message of the increase. Its subsequent fall was due to the weak-ness of German bunds. Since Madrid's Bolsa index is peculiarly interest rate sensitive, the failure of equities to make meaningful advances was not

year should bolster its credibility. That would support the bond market: 10-year bonds currently yield 11.8 per



cent, four percentage points above German bunds. If the bank can convince investors about inflation prospects, the peseta, which has depreci-ated 20 per cent against the D-Mark in two years, could also be due for a rally. A swift recovery by equities down nearly 11 per cent in the past year, is less likely. There is better value elsewhere in Europe: earnings growth in Spain this year is expected

to be half that in Germany. A rally in bonds or the peseta will depend on a resolution of the political crisis. Although any government replacing the present administration is likely to profess better inflationary credentials, elections would under-mine confidence. But if Mr Mr Felipe González can ride out the next few weeks, the subsequent controlled tightening of rates should steady the markets.

UK electricity

5 Jul 1993

Trafalgar House's £1.2bn bid for Northern Electric has sent the share prices of fellow regional electricity companies to dizzy heights, Stockbrokers are busy touting other possible bid targets. If takeover prospects were the main argument for holding rec shares, now would be the time to sell. Trafalgar's bid stands a good chance of being referred to the Monopolies and Mergers Commission. That would knock rec shares, even though few expect the deal to be blocked,

However, the main case for owning recs is not bid possibilities but the scope for increasing shareholder value by floating off the National Grid and gearing up balance sheets. On this basis, there is still value in the sector.

Trafalgar's bid has put a value of 53.4bn net on the Grid. If the recs geared up their balance sheets to 50 per cent, a further £2bn-plus could be handed back to investors through large dividends or share buy-backs. If such sums are subtracted from the recs' combined market capitalisation of £17bn, the implied price/earnings ratio for the core business falls to single figures.

This is not an argument for buying recs aggressively. Not only is there a risk of a windfall profits tax by an Incoming Labour government; rec managements have yet to demonstrate the will to unlock shareholder value fully. Still, one consequence of the Trafalgar bid is that they now have every incentive to do so, or risk preda-tors doing the job for them.

Gas/telecoms

The UK's privatised utilities are facing a barrage of criticism that is obscuring the benefits to shareholders of the current restructuring. Such has been the fate this week of both British Gas's plan to offer discounts to those paying bills by direct debit but to charge others more and British Telecom'e increase in standing charges. Both schemes should benefit share-holders and some customers but have been condemned by consumer groups,

Every move to improve Gas's effi-ciency is now discussed in the light of the 75 per cent salary rise of Mr Cedric Brown, the chief executive. For shareholders, the damage is not that they are paying an excessive salary but the possibility that Gas will seek to avoid further bad publicity by slowing down reforms. These are necessary to cut costs and prepare for increasing competition in its markets. Discounts for those paying by direct deblt provide a weapon to prevent rivals poaching its best customers.
With BT, the reaction is less

extreme, partly because chairman Sir Iain Vallance's big salary rises occurred a few years ago. Still, lower transatlantic call rates have done little to stem the criticism of higher standing charges. Such tariff "rebalancing" is good for some customers while had for others. But for shareholders it is an unmitigated benefit. Not only does it focus price cuts where competition is toughest; but lower call charges are stimulating overall market growth. The high salaries among utility executives will be justified if they continue with such reforms despite the bad

មិនស្រែក មាន

passed by the European Parlia- smaller water companies in the fuel, cigarettes, and alcohol, China orders pirate products boycott

FT WEATHER GUIDE

By a Correspondent in Beijing and Nancy Dunne in Washington

China stepped up its efforts yesterday to ease a trade rift with the US over copyright infringements by announcing a national boycott on pirate products. It said it planned to toughen its law on protecting intellectual

property rights.
Following raids on factories violating domestic copyrights. Beijing has mounted a public relations initiative to avert trade sanctions threatened by Washington against \$2.8bn in Chinese exports. The US had said it would impose punitive tariffs on certain Chinese exports from February 4

copyright enforcement. China said it would retaliate by sbarply increasing tariffs on some US imports and hindering market access to US business trade dispute were broken off by the US in mid-December after Washington said there was no point in continuing in the absence of a serious Chinese offer. Both sides, bowever, hold

of the pirated products bave come from state-owned or mili-

Negotiations in the copyright

out hope of a settlement in talks expected later this month. China has to date failed to meet American demands to rein in copyright infringement. Much

and laser discs, computer soft-ware, videotapes and books. Washington wants np to 29 plants in southern China to be closed to prevent production of up to 80m illicit compact discs yearly, mostly for export. Beijing has said it cannot close many factories because of its declining

municipalities which own the plants. The US has demanded "immediate and effective measures" and market access for US products which are being counterfeited. It has also called for an effective customs administration

control over the southern prov-

inces, where piracy is wide-

spread, and interference from

news agency said the State Copy-right Administration ordered a nationwide boycott against violating companies.

The news agency said the changes would co-ordinate the protection of owners of foreign copyrights and their Chinese counterparts.

Beijing has denied claims that US publishing, film, software and music companies lose \$827m a year in copyright violations. Xinhua says that just 20 US copy-right infringement suits have been filed with Beijing's special intellectual property rights court.

China rate rises due, Page Editorial Comment, Page 11 Dreams behind scenes, Page 11

sappi limited

SDW Acquisition Corporation

a company formed by an investor group led by Sappi Limited has acquired

S.D. Warren Company

from

Scott Paper Company

for a consideration of

US\$1,600,000,000

S.G. Warburg acted as financial adviser to Sappi Limited in connection with this transaction and the associated financing

S.G.WARBURG

S.G.Warburg Group ple u Banking and Asset Manae

London, New York, Tukro ngkok, Boston, Chicago, Franklurt, Geneva, Hong Kong, Istanbul arg, Kuala Lumpur, Luvembourg, Madrid, Melhoume, Milan, Montreal, Miscow, Osaka, Paris

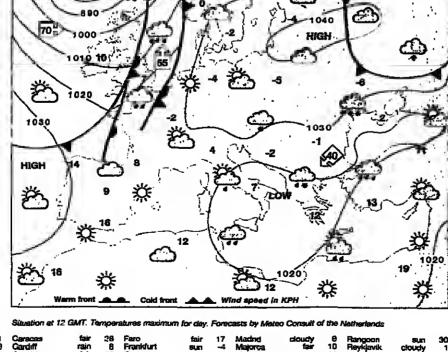
tary related companies, filling the Chinese market with compact A report by the official Xinhua unless Beijing strengthened

Europe today

sta to Spain will continue to bring rather settled and cold conditions to central Europe. Abundant sunshine is expected in southern Scandinavia, Germany and the Low Countries as well as central and eastern France. Temperatures will be below freezing. Cloud and widespread rain is expected in the UK, western France and north-west Spain. Central and southern Spain will be sunny but temperatures will only range between 9C and 15C. Rain or snow is expected on the Norwegian coast but the nest of Scandinavia will be dry with a mixture of sun and cloud, South-east Europe will have snow in the north and rain in Greece

Five-day forecast

Frontal systems crossing the British Isles will not reach central Europe. Unsettled conditions are expected over the UK with outbreaks of ram and occasional gale-force winds in the north. Temperatures will continue below freezing in much of central and eastern Europe. Mild and moist air with some rain will cover Scandinavia. Spain will have sunny periods but south-east Europe will remain unsettled.



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FINANCIAL TIMES

COMPANIES & MARKETS

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Thursday January 5 1995



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Diesel engines from 5-1500 bhp. Perkins Group Headquarters Tel: 0733 67474.

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Vital Forsikring shares suspended

Vital Forsikring, the Norwegian life insurance and pension group, asked for trading in its shares on the Oslo bourse to be suspended following a steep rise in their price. This followed spaculation that the group was in talks with a foreign insurer over a merger or co-operation deal, and belief that it was

Philip Morris unites domestic food units Philip Morris, the US food and tobacco group, announced a reorganisation in which all its North American food businesses will be merged into a single unit called Kraft Foods. Page 14

Saab misses sales target but sees profit Saah Antomobile, the Swedish carmaker managed and half-owned by General Motors of the US, fell short of its hoped-for car sales in 1994, but still achieved a 20 per cent increase which is set to deliver the company's first full-year profit for six years. Page 14

TV-Asia, the troubled London-based satellite television company, is being taken over by the Zee televi-sion group, India's leading private sector broadcaster. Page 14

stake in SPT Telecom, the national telephone operator, by delaying for at least a month an international tender. Page 14

MIM head announces surprise resignation MIM Holdings, one of Australia's biggest mining companies, said that Mr Norman Fussell, its chief executive, would resign with effect from tomorrow.

Cuba's decision to open up its mineral resources to foreign exploration and investment has attracted a scramble of mining companies, "Cuba is a geologi-cal pearl," says a Canadian mineral prospector, "Here you can just take a shovel and find a deposit." Page 18

Bain Hogg sells US side for \$50m Bain Hogg, the UK insurance broking arm of Inchcape, has sold most of the operations of Bain Hogg Robinson, its US subsidiary, to Acordia, the Indian-

A decision next week by the US Food and Drug Administration on whether to license Wellcome's hest-selling drug Zovirax as a non-prescription drug was "critical" for the company's relationship with Warner-Lambert, its new US partner, said Mr James Cochrane, Wellcome's European operations director. Page 16

High hopes for Aslan markets Investors looking to pick markets and regions which could do well this year, could beed Baring Securities which suggests a possible end to the tightening of interest rates in the US in the first

TO THE OWNER OF THE OWNER OWNE	•••	•	
Companies I		4- 4	
Companies (_		. 5 .

Air France	13 PWA
Air Hong Kong	14. Pacific Century
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Antelope	16 Philip Morris
Arien	17 Piliar Property
Ashtead	16. Renault UK
BSkyB	16 Rio Algom
Bain Hogg	48 Royal Insurance
Banca del Gottardo	44 SCA
Bell Canada	SPT Telecom
	6 Sezib Automobile
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British Telecom	Some
Cable & Wireless	Stanhope
Cathey Pacific	14 Sumitomo
China Southern	. 14 Swiss Life
Chrysler	13 TV-Asia
Edinburgh investment	· 16 Télé Images
Ford	13 Tokal Bank
Forte	16 Top Glory Insurance
Hughes (TJ)	16 Unidare
Kalamazoo"	16 Viacom
MIM Holdings	14 Virgin
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Benchmark Govt bonds	
Bond futures and options	
Bond prices and yields	
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ripe for takeover. Page 14

Czech Telecom flotation delayed
The Czech government yesterday added a fresh
note of uncertainty to its plans to sell a 27 per cent

Miners scramble over Cuba

apolis-based insurance broker, for \$50m. Page 16

Zovirax licence 'critical' for Wellcome

the major south and east Asian stock markets".

Acordia	16 Next
Air France	13 PWA
Air Hong Kong	14. Pacific Century
Alcan Aluminium	14 Partoo
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Antelope	16 Philip Morris
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Ford	13 Tokal Bank
Forte	16 TOKEN BRINK
Hughes (TJ)	16 Top Glory Insurance
Kalamazoo	16 Unidare
	16 Viacom
MIM Holdings	14 Virgin
McAlpina (Alfred)	16 Vital Foreiging

16 Zee TV New World

Glitz prices Liffe equity options London tradi options New Intl bond issues New York stera service Short-turn int rates

March this year.

launched in the spring.

By Christopher Brown-Humes in Stockholm SCA, Sweden's second-largest forestry group, is close to finalising an agreement to buy a sub-stantial stake in PWA, the German pulp and paper company, The move, one of the largest cross-border acquisitions in the European pulp and paper industry in the past three years, would create Europe's biggest producer of corrugated materials used to make packaging board and boxes. It follows a decision by Viag. the German utility group, to sell its 43 per cent holding in PWA.

1993 had sales of DM3.86bn. A German bank, with a near 10 per cent stake, is the other main SCA confirmed that it was in discussions to buy into the Ger-

which has a total market capital-

isation of DM1.5bn (£610m) and in

man company, but declined to board activities. Its German presented in this sector is confined to ence in this sector is confined to no secret of its desire to bolster a small corrugated board factory in Berlin. its position in Germany to com-PWA's tissue operations would plement its strengths in the French and UK markets. Last

also combine well with the year SCA oulled out of a FFr2bn hygiene product activities of (£230m) plan to buy a 90 per cent Mölnlycke, SCA's biggest subsidstake in Otor Holding, one of France's biggest packaging com-

Analysts believe the Swedish group may try to sell the fine paper business in line with its PWA concentrates on packagfocus on publication papers ing, tissues, fine papers and sperather than graphic papers. ciality papers. It is one of Europe's biggest producers of

SCA has a strong balance sheet and is understood to be prepared to sell sizeable stakes in MoDo, its fellow Swedish forestry group, and Industrivärden, an industrial holding group, to finance its expansion plans.

modest profit for 1994 on turn-SCA has also restructured Molnlycke to meet price competi-SCA is particularly strong on the packaging side and would tion in the European disposable mainly be interested in acquiring nappy market and consolidate its PWA's testliner and corrugated

US media group to employ proceeds from disposal to finance purchases and cut debt levels

Viacom close to \$2bn cable TV sell-off

By Richard Waters in New York

Viacom, the US entertainment and media group, plans to make further acquisitions with part of the \$2bn or more it expects to raise from selling its US cable television systems.

Proceeds from the sale would also be used to pay off some of the debt taken on to finance the \$10bn takeover of Paramount Communications early last year. The company refused to confirm that a deal to sell the cable systems was near completion. "At this point, any talk of a deal is merely speculation," it said.

share plan

employees have signed up to an

innovative scheme in which

their salaries will be reduced in

return for shares in the loss-

have accepted a reduction in

their monthly salary of between FFri00 and FFri2,600 until the end of 1997. The average cut in

salary is FFr414, providing an estimated total cost saving of

about FFr235m over the three years, after social charges and

retirement contributions paid by

In return for the pay cnts. employees will receive shares which they must bald until mid-

1998. The scheme was open to

34,000 nf the airline's 39,000

companies slated for sale or

already sold. Officials say priva-

tisation will not take place until

the airline has demonstrated a

sustainable recovery from losses

and reduced debts of more than

Mr Christian Blanc, whn has

been implementing a restructur-

ing since taking over as chair-man in autumn 1993, and who

subscribed to the maximum sal-

ary reduction in the share

scheme, has made progress in

improving the airline's finances. Last year's first-half losses were

sharply down from the deficit of

FFr3.82bn in the same period in

Mr Blanc has forecast that

losses will be limited to FFr3.7bn

in tha 15 months to the end of

The next step in the airline's

recovery package is thought to

be a commercial strategy tn be

the company.

Air France.

making, state-owned atrline.

while reducing costs.

By John Ridding in Paris

under way for several months about selling the television systems to RCS Pacific, a company in which rival cable TV company Tele-Communications Inc (TCI) has an indirect interest.

The discussions took on a new lease of life in mid-December, after TCI received regulatory approval for a separate cable TV acquisition. That deal, in which TCI paid \$1.3bn for a cable system in Virginia, was seen in the cable industry as a clear sign that the Federal Trada Commission would allow cable companies to

However, one person close to the nwn systems in adjoining markets, a transaction said that talks had heen phenomenon known as "clustering". phenomenon known as "clustering". "This will be very similar to that transaction," said the person close to the Viacom talks.

The move to sell the cable systems follows a decision by Viacom to concentrate on making television programmes and movies, rather than trying to build a higger distribution system. With 1.1m subscribers, the company is smaller than giants such as TCI and Time Warner. which have 18m bomes between them. "We are not big enough in the cable business," the Viacom official said.

gest asset sale made by the company since the Paramount deal, topping the \$1.1bn from the sale of its Madison Square Garden operations. "Obviously we are interested in paying down debt. But we are also interested in expand-

ing," according to the official. RCS is 21 per cent owned by Mr Frank Washington, a black businessman based in California, with the remainder held by Intermedia Partners, an investment group which is nearly one-third owned by TCL By selling the operations to a

Part of the cash will be used to scale back Viacom's deht. It would be the big-win a tax deferral on its capital gains. US tax rules grant a two-year deferral of taxes on the sale of media properties to black, hispanic or other racial minority

> Mr Washington was himself responsible for devising the tax break while an official in the Carter administration. Although be is not expected to contribute a significant amount towards the financing for the acquisition, he will take on management control of the cable operations, allowing Viacom to qualify

> > as part of its Ford 2000 restruct-

uring programme, said Mr Hag-

enlocker. "in the past we could

make gains in cost and produc-tivity, but these came in incre-

ments of three, five, or maybe 10

per cent. We've now reached the

point, where we have squeezed

the system about as much as we

can. What we're looking for now

are quantum leaps - improve-

ments of the magnitude of 50,

to merge Ford's Asian, South big improvements in productivity

Air France Kevin Done reports from the Detroit car show on developments in the US motor industry Ford plans 20% rise in investment staff take

pay cut for Ford, the world's second-largest best-selling car in the US. vehicle maker, is planning to The Taurus/Sahle range, increase its spending on new product development and capital investment by around 20 per cent during the next five years, said Mr Alax Trotman, chairman and About one-third of Air France's

chief executive. It is also seeking to more than double exports from North America by the end of the decade to strengthen its position in the global car market.

The company, which invested around \$32.5bn worldwide on The scheme is an important part of a rescue package for the French flag-carrier which sufmodel development and plant fered losses of FFr8.5bn (\$1.56bn) improvements between 1989 and in 1993 and FFr2.6bn in the first 1993, has embarked on "one of half of 1994. It is aimed at the largest and most ambitious strengthening employees' comnew product programmes" undertaken by the group, said Mr Ed Hagenlocker, president of Ford mitmeet to recovery measures Automotive Operations.

According to Air France, the Ford plans to introduce 27 new scheme will leave about 5 per cent of its shares in employees hands. The airline was "absolutely satisfied" with the operation, although the ceiling for employee ownership had been set at 20 per cent. Air France said that 12,074 employees, or 35.6 per cent of those covered by the scheme,

or updated vehicles in North America and Europe during the next three years, he said. At the Detroit motor show, the company unveiled its new generation Taurus/Mercury Sable family car, which is aimed at becoming the

launched in the mid-1980s, has been crucial to Ford's fortunes in North America. As Ford's highest volume car, it helped to revolutionise car design and development and led the company's recovery from heavy losses in the early 1980s. For the past three years it has led the Honda Accord as the best-selling car in

Mr Hagenlocker said Ford had installed capacity to build 550,000 to 600,000 a year of the new Taurus/Sable cars at its two assembly plants in Atlanta and Chicago. Ford has cut development time for the new range to 37 months from 48 months four The company is planning to

introduce right-hand drive ver-sions of the Taurus as it steps up its challenge in overseas markets including Japan. "If you are going to have a

strong export presence in Asia, you need right-hand drive prod-ucts," said Mr Hagenlocker.

Chrysler seeks management with split personality

profitable of the big three US carmakers, earned record profits last year, said Mr Bob Eaton, chairman and chief executive. Thirdquarter pre-tax profits were

The operation was based on a valuatinn of about FFr3.6bn for the airline, but analysts said this In December Chrysler's penwas nnt a meaningful guide to a possible privatisatinn value for sion fund became fully funded for the first time since 1957, and the Air France is on the governcompany increased its dividend ment's list of 21 public-sector

payments by 167 per cent in the past 12 months, said Mr Eaton. The group, which was on the verge of financial collapse at the beginning of the 1990s, would make profit sharing payments to its workforce next month of around two months'

gross pay. Mr Eaton said that Chrysler would be managed "with a split personality". It would be "financially conservative" and was determined to hold on to its position as "the low-cost producer of cars and trucks in the world". A five-year plan would invest nearly \$23bn in product develop-

ment and plant improvements.

The group, which achieved pre-tax profits of \$4.2bn in the first nine months, aimed to introduce "more flexible manufacturing processes, bolder designs and shorter product cycles".

At the Detroit motor show yesterday, Chrysler unveiled its new generation minivan or multi-pur-

German pulp and paper group

testliner, a wastepaper-based

liner board which is one of the

main raw materials for corru-

gated board. In 1993 it made a

DM240m loss but it anticipates a

over of around DM4_bn

SCA poised to buy stake in

under the Chrysler/Plymouth Voyager and Dodge Caravan

The Voyager pioneered the sector for MPVs in North America, when it was launched in 1984, and has led the development of one of the fastest growing segments of the world car market. Chrysler's dominance of the

emerging market for minivans and MPVs helped it to stave off financial collapse four years ago, and the launch of the latest MPV range, developed with an investment of \$2.6bn, will help determine its fortunes in the latter Chrysler is increasing annual

production capacity for the new Voyager from 600,000 to 670,000 at its plants at St Louis and Windsor, Ontario with with the introduction of three-shift round-the-clock working at Windsor. Production would hegin in the US in February.

The group plans to start pro-duction of the range at its European assembly plant at Graz, Austria in October, with capacity there raised from 40,000 to 55,000

Mr Dennis Malecki, Chrysler planning executive for minivan

operations, said production of right-hand drive vehicles would

study team would examine how Ford was seeking to achieve 100, even 500 per cent."

American and African operations

into Ford Automotive. The study.

which will include the future of

Ford's relationship with Mazda,

its 25 per cent-owned Japanese

affiliate, would be completed

later this year. Ford had "no

intentions or plans" to take

majority control of Mazda, said

Mr Trotman. "We simply do not

aspire to put more money into

Mazda ownership."

Bold concept: Chrysler's Atlantic concept vehicle is unveiled at the Detroit motor show

for around 8.5 per cent of the total North American car and light truck market with sales of around 1.5m last year against

Ford aims to increase its

exports of cars and light trucks

from North America from 120,000

in 1994 to 250,000 in 2000, he said.

The second-largest US vehicla maker is undertaking the most

far-reaching restructuring in its

history with the merger of its

North American and European

automotive and components busi-

Mr Trotman said that a new

nesses into one organisation,

Ford Automotive Operations.

300,000 in 1984. Chrysler forecast that the North American minivan market would rise to 1.7m in 1997. Chrys-

The minivan segment accounts cent of the minivan market in gen of Germany and Ford. North America last year and for more than 20 per cent of the market in Europe.

The European market is led by the Renault Espace, but the dominance of Renault and Chrysler is being challenged by several new vehicles from Fiat of Italy, Peugler accounted for around 42 per eot Citroën of France, Volkswa-

These rival carmakers are anxious to establish a presence in the MPV sector, one of the fastest growing segments of the market, but VW has recently voiced fears about the profitability of its joint venture in Portugal with Ford in the face of overcapacity in the



US\$1,750,000,000

Revolving Credit Facility

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INTERNATIONAL COMPANIES AND FINANCE

Vital Forsikring shares suspended after surge

By Karen Fossili in Oslo

Vital Forsikring, Norwegian life insurance and pension group, yesterday asked for trading in its shares on the Oslo bourse to be suspended following a steep rise in their

This followed speculation that the group was in talks with a foreign insurer over a merger or co-operation deal, and belief that it was ripe for

The shares can remain suspended for 21 days before the company must call for trading to be resumed.

Rio Algom

buys Alcan

distribution

division

Mr Bjoern Elvestad, president, said there would not be an announcement before next week but this did not imply that a deal with a foreign insurer would be unveiled. The group must decide

whether to have one owner or several shareholders following liberalisation of foreign ownership of Norwegian companies, a result of the European Economic Area (EEA) agreement between the EU and the European Free Trade Association, f which Norway is a member. Vital has a co-operation agreement with Swiss Life which it has said it may

expand. Swiss Life bolds 5.35

Philip Morris, the US food and

tobacco group, yesterday announced a reorganisation in

which all its North American

food businesses will be merged

into a single unit called Kraft

The new structure will dis-

Kraft and General Foods are

two of the world's biggest food manufacturers. Kraft's brands

TV-Asia, the troobled

London-based satellite televi-

sion company, is being taken

over by the Zee television

group, India's leading private-

Zee TV International, the

overseas arm of the Bombay-

listed Zee Telefilms, plans to

buy out the majority share-

bolding of Mr Ketan Somaia,

the Dubai-based Kenyan busi-

nessman, for about £10m

The friendly takeover, initi-

ated hy Zee and concluded

after a year of negotiations, is

the first move in Zee's global

strategy to launch dedicated

By Hugh Carnegy

By Khozem Merchant

By Richard Tomkins

in New York

Foods.

functions.

per cent of Vital's share capi-tal. The pact gives Vital access to Swiss Life's product distribution network, and international companies and Norwe-gian companies outside

Immediately before the suspension, Vital's shares were up NKr2.50 from Tuesday's close at NKr77, and have risen 12 per same period, the market overall has risen 0.1 per cent while the insurance sub-index has increased 2.5 per cent. Since the end of November, Vital's shares have edvanced nearly 20 per cent.

Mr Elvestad attributed spec-

include Kraft cheese products, Philadelphia cream cheese and

Oscar Meyer hot dogs, while

General Foods' brands include

Maxweli House coffee, Jell-O jellies and Shredded Wheat

In 1993, the two companies

had combined worldwide reve-

nues of \$30.4bn, of which \$21bn

Philip Morris acquired Gen-

eral Foods in 1985 and Kraft in

1988. After the Kraft acquisi-

tion, Philip Morris quickly

merged the two food compa-

nies' operations internation-

ally, but it adopted a more cau-

tious approach to the merger

of the much larger US

channels aimed at south

Asians in three geographical

areas: Europe, North America

Zee's move provides a lifeline

for TV-Asia, which has had

financial and management

problems since its launch in

July 1992. For the 161/4-month

period to September 1993, pre-tax losses totalled £8.65m on a

turnover of £3.5m. Zee's take-

over is the fourth change In

ownership at TV-Asia since Its

The takeover could increase

co-operation between TV-Asia

and the UK's BSkyB satellite

channel, as both parties share a common ultimate ownership.

BSkyB is part owned by Mr

Saab misses sales target but sees profit

Air Hong Kong cuts fleet | HK start-up costs blamed

and South Africa.

came from North America.

breakfast cereal.

ulation to Vital's recent decision to merge its two classes of restricted and unrestricted shares into one class, clearing the way for expansion of foreign ownership or a potential foreign takeover. Many Norwe-

gian groups are merging The EEA agreement allows foreigners to acquire Norwegian finance companies if an ownership concession from the finance ministry is obtained.

For nearly six months Vital has been reviewing options for structural changes. This process was stepped up in October when plans to expand co-operation with Den norske Bank,

operations. That appears to have changed with the appoint-

ment last month of Mr James

Kilts as head of Philip Morris's

food businesses worldwide. Mr Kilts is understood to have

been keen to drop the evolu-

tionary approach to the merger

of the US operations in favour

companies' purchasing had been combined – it had already

announced plans to unite man-

The main functions remain-

About 100 jobs may be lost

ing to be merged are the head-quarters operations and the

Rupert Murdoch, the media

magnate who also holds a 50

per cent stake in Zee TV.

which is beamed across India

on the Murdoch-owned Star

The new UK entity makes

market sense, say analysts.

TV-Asia, which has about

70,000 subscribers, and Zee tar-

get the same audience and

offer similar programming in

the same south Asian lan-

television and is part of India's

Essel trading and manufactur-

Zee has a proven record In

"Our view was there there

was no room for two in the UK

market," said Mr Digvijay

guages, besides English.

ing conglomerate.

Kraft said yesterday the two

of a speedier combination.

ufacturing.

sales forces.

satellite service.

Indian broadcaster takes over TV-Asia

thwarted when the bank formed a life insurance group. Vital is considering expansion of product distribution links with other domestic finance companies.

It may also seek co-operation or capital from an interna-About 27 per cent of Vital's share capital is currently held

hy foreigners. Brokers said Vital had held talks with Aegon of the

through the merger of the com-

panies' corporate offices, but

no decisions have yet been

taken about possible job losses among the sales workforce of

Kraft did not spell out what

cost savings it expected from the merger. It said the main

reason for the move was not to

cut jobs or reduce costs, but to

increase the effectiveness of

the food businesses - for example, hy improving customer

service and speeding up

The move was welcomed by Wall Street. Philip Morris's shares rose \$% to \$58% in early

trading amid a falling market.

Singh, executive director of

Mr Somaia, who took control

of TV-Asia in the summer of

1993, heads Dolphin, a Dubal-based diversified trading and

banking group chaired by Lord

Parkinson, former UK Conser-

Mr Somala's interests in his native Kenya include the Ken-

ya-based Delphis Bank, which bought the local branches of

the Bank of Credit and Com-

merce International following

Mr Somaia's other interests

Include boteis and one of

Kenya's biggest touring compa-

its collapse in July 1991.

vative party chairman.

decision-making.

Zee TV.

systems in Europe. The subsidiary, Sony Computer Entertainment (Europe), will be run by Mr Chris Deer-Netherlands and Zurich Insur-ance, but Skandia of Sweden dismissed speculation that it ing, a former senior executive at Columbia TriStar Video International, the video diviwas interested in links with the company. sion of Columbia and TriStar, Philip Morris unites domestic food units the US movie studios acquired

by Sony four years ago.

One of the first projects for SCE (Europe) will be the European launch of the Play-Station, the compact discbased video games system introduced by Sony in Japan last antumn. The PlayStation is one of the

Sony forms

subsidiary

for Europe

Sony, the Japanese electronics

group, is expanding its inter-

active entertainment interests

by creating a new subsidiary

to launch its video games

By Afice Rawsthorn

video games

new generation of 32-bit video games, which are more powerful and sophisticated than 16bit cartridge console games. Sony claims to have sold more than 100,000 Play-Stations on the product's first day on sale in Japan. It plans to launch the system in the US

and Europe later this year, probably in early autumn. The launch of SCE (Europe) comes at a time when Sony and its competitors in the electronics and entertainment industries are anxions to expand into the hnoyant inter-

active entertainment market. Walt Disney, the US entertainment company, last month announced the formation of an interactive entertainment division. Time Warner of the US and Pearson, the UK media group which owns the Financial Times, have recently made acquisitions In the games soft-

ware field. These companies, like Sony, bope to benefit from the transition from 16-bit cartridge console games towards the new disc-based systems. The £14bn (\$21.8bn) global

games market, which grew rapidly in the late 1980s, bas slowed in anticipation of the launch of the new games. Sales are expected to increase again once the new formats come on stream.

Tokai Bank plans London derivatives unit

in Tokyo

Tokai Bank, a Japanese commercial bank, announced plans to set up a new derivatives subsidiary in London this

Tokai said Tokai Derivative

Products, which will be capi-talised at £100m (\$156m) is to be set np in line with risk management and disclosure guidelines of leading ratings agencies. The hank said it bad

received informal confirmation from Moody's Investors Service and Standard & Poor's, the US credit rating agencies, that the subsidiary would be given triple-A ratings.

The new derivatives unit will serve as an intermediary between the derivatives mar-kets and other Tokai's Londonbased subsidiaries. By owning a bigbly-rated snbsidiary, Tokai Bank, which is rated et A minus by Standard & Poor's, hopes to play a more central role in global derivatives markets, and enbance its group

image within the international financial community. Analysis expect other Japanese banks, which have been struggling with downgrades of their international credit ratings since the early 1990s, to

Dispute on tariffs delays flotation of Czech Telecom

By Vincent Boland in Prague

The Czech government vesterday added a fresh note of uncertainty to its plans to sell a 27 per cent stake in SPT Telecom, the national telephone operator, by delaying for at least a month an international tender due to have been completed in March.

The delay is the result of a dispute hetween the finance ministry, which is charged with preparing the new tariff policy, and SPT over future price levels for telephone calls. it comes less than a week after SPT's chairman, Mr Jiri Makovec, was deposed amid allegations of irregularities in the awarding of contracts.

The tariff policy will have a

crucial bearing on the price to be paid for SPT in the tender, hecause it will govern price rises and determine the company's profitability and turnover up to the end of the decade. The 27 per cent stake is unofficially valued at up to \$1bn, but the final price will be decided by future call charge rates. SPT wants a significant rise in local call charges to belp

finance a proposed Kcs130bn

gramme up to 1998. The finance ministry says the level of investment will be much less, prohably around Kcs70bn. requiring a less steep price

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Long distance and international charges, currently among the highest in Europe, are expected to be reduced under the new policy.

The government has already rejected a draft tariff policy that is imderstood to have kept local charges relatively low. Mr Jiri Domansky, director of economic policy at the telecommunications department at the finance ministry, said a revised formula should be ready in two

Ten leading international telecommunications groups are vying for the stake in SPT, in the biggest telecoms deal so far in eastern Europe. They include AT&T, Ameritech, Dentsche Telekom, PIT Telecom Netherlands, Stet International, and a consortium of Bell Atlantic and France Tele-

They have each paid \$100,000 for a range of pre-bid docu-

Matif set to launch wheat futures market

By Andrew Jack in Paris

Matif, the French financial futures exchange, is poised to launch a market in wheat futures by early next year, its chairman said yesterday.

The market would build on the existing range of agricul-tural product derivatives offered through the exchange, which gained control of the French commodities markets when it was created nine years

ago. Wheat is the first in a series of new commodity derivative products which Matif is considering launching following reforms of the EU's common

agricultural policy.
ft follows the launch last October of a futures market for colza, or rape seed, the first new commodities product to be offered in Paris in more than a decade. Matif is considering It a preliminary success.

Colza was chosen because it was the first agricultural product to be liberalised, creating the volatility of crop prices which is necessary for deriva-

tives to be useful. Wheat was one of the next

crops to have its price freed by the reforms in Brussels, and is

futures over the next few His decision is based on the

a logical choice for Matif given

France's large-scale produc-

Mr Gerard Pfauwadal,

Matif's chairman, said he was

"encouraged" by the progress

of EU agricultural reform and

was almost certain to proceed with the development of wheat

progress of the colza market, which has attracted 14 trading firms and averaged 220 contracts a day. He described this as "extremely encouraging". Mr Pfauwadel said it would take at least six months to pre-

pare the wheat contract. He did not rule out the posstbility of other types of deriva-tives based around colza, wheat and other products, but said futures were the most log-lcal product to offer.

Matif currently operates commodities markets in white sugar and potatoes, and has abandoned markets in coffee and cocoa in the last two

years. Commodities are one of the few remaining new product areas the exchange sees as offering potential for

MIM head announces surprise resignation

By Nikki Tait in Sydney MIM Holdinga, one of

Australia's biggest mining companies, said yesterday that Mr Norman Fussell, its chief executive, would resign with effect from tomorrow.

The surprise announcement was made after the Australian stock market had closed. There is no immediate replacement for Mr Fussell. MIM said it would name a successor "shortly" and that its chair-man, Mr Bruce Vaughan, would act as chief executive in the interim period.

In a statement to the stock exchange, Mr Fussell, 57, implied that bealth concerns and the travel demands of the job had contributed to his deci-

sion.
"There comes a time in one's working career when it

becomes necessary to move from the beavy demands associated with a chief executive's position and to look more to enjoyment of life and one's heath," he said. Care to sink !

His departure comes after a difficult period for MIM, whose share price made little overall progress in the five years to end-1993. The Queenslandbased company responded by unwinding its large and muchcriticised international Investmeut portfolio, saying it would concentrate on core mining

activities. That process is now largely complete, and a number of big new mine developments including the McArthur River. Cannington and Ernest Henry projects in Qoeensland, and the Bajo de la Alumbrera in planning or development stage.

solve the existing arrangement under which the group's Kraft and General Foods subsidiaries operate separately in North America, duplicating many

ses to Rio Algom, the former Canadian arm of RTZ. Alcan's Metal Goods division is fully owned by its main US subsidiary Alcan Aluminum, It wholesales stainless steel, aluminium nickel alloys, brass and copper through 39 outlets across the US and employs 650. Sales in 1994 were almost

By Robert Gibbens in Montreal

Alcan Aluminium is selling its

US metals distribution busi-

The acquisition will double Rio Algom's profitable Atlas metals distribution business in Canada, the US and Mexico. Rio also owns 61 per cent of a profitable Australia and New Zealand metals distributor.

Mr Colin Macaulay, Rio president, said the deal fitted its expansion strategy in metals, while the company would continue to develop its base metals mining operations in north and south America.

Neither Alcan nor Rio would disclose the price being paid for Metal Goods.

Mr Raymond Goldie, metals analyst with Richardson Greenshields of Canada, said Alcan is concentrating on its worldwide smelting and fabricating businesses, while Rlo will benefit from economies of

scale and rationalisation. In the first nine months of 1994, Rio's metals distribution business provided C\$615m (US\$142.4m) out of total revenues of C\$852m, and the rest came from mining. Net profit was C\$45.2m, or 89 cents a share, against C\$22.7m, or 71 cents, a year earlier.

The metals distribution business will now bave annual volume of around C\$1.2bn.

Earnings dip 9.5% at Banca del Gottardo

By Ian Rodger in Zurich

Banca del Gottardo, in which Sumitomo Bank of Japan has a majority interest, has reported a 9.5 per cent decline in non-consolidated net earnings in 1994 to SFr57m (\$43.4m). The Lugano-based bank said

it suffered from reduced share dealing commissions, espe-cially in the second balf, a decline in trading profits and squeezed interest margins. Cash flow fell by 10 per cent to SFr136.5m but had loan provisions were cut to SFr53.4m from SFr65m.

Total assets rose 2.6 per cent to SFr7.79bn. The group said it would publisb a consolidated income statement at the end of March, and it predicted that consoli-

SFr61m. down 6 per cent. The directors are recom meoding an unchanged dividend of SFr25 per share and participation certificate.

dated net income would be

carmaker managed and halfowned by General Motors of the US, fell sbort of its target for car sales in 1994, but still achieved a 20 per cent increase which is set to deliver the company's first full-year profit for

Saab Automobile, the Swedish

Saab said preliminary figures showed total unit sales worldwide reached around

Air Hong Kong, an air cargo operator recently acquired by

Cathay Pacific, yesterday said

it was facing financial difficul-ties and would be reducing its

fleet of Boeing 747 transports

The airline, in which Cathay

took a 75 per cent interest last

June, bas already quit the charter cargo market and sold

a Boeing 707 transporter. It

plans to concentrate on cargo

routes to Europe and Japan. Cathay is believed to have

paid HK\$200m (US\$25.9m) for

its interest In Air Hong Kong.

an airline founded by Mr Stan-ley Ho, the Macao casino

By Simon Holberton

to two from three.

in Hong Kong

89,000, a jump from 73,600 In Saab's British chief executive, 1993. Though ahead of the orige said: "We have now set our stage this year it reported a inal target of 87,000 unit sales, sights on reaching the 100,000 pre-tax profit of SKr284m, a this was less than the figure of mark in 1995."

pre-tax profit of SKr284m, a SKr1.34bn improvement on the By Emiko Terazono this was less than the figure of up to 95,000 anticipated in the

late summer. The lower total was put down to production delays and other delivery problems. But Saab said the rise in sales, led by strong demand for the 900

saloon launched in mid-1993, was sufficient to ensure a fullyear profit. Mr Kelth Butler-Wheelhouse,

tycoon, who has retained a 25

per cent stake in the company. China Southern, a Chinese airline based in Canton, was

interested in acquiring Air

Hong Kong but was prevented

from doing so by the China government. This intervention

was seen by analysts as posi-

tive for Cathay, whose position

in Hong Kong after 1997 has

Cathay said yesterday that Air Hong Kong had made sub-stantial losses last year, but it

believed there was a role for

Air Hong Kong as a separate air cargo operator out of Hong

Cathay said it boped the

Saab last sold more tban

100,000 cars in 1989, the year In which GM bought a 50 per cent stake in the company from its co-owner, Sweden's Saab-Scania. It last made a full-year profit in 1988. The company has since run up accumulated losses of more than SKr11bn (\$1.5bn) and swallowed more than SKr8bn in new capital.

However, at the nine-month same period in 1993.

· Volvo, Saab's blgger Swed ish rival, said yesterday that unit car sales in the US, its higgest single market, had risen 12.1 per cent in 1994 to 81,788. Increasing sales for both cars and trucks belped Volvo to report record profits of SKr12.7bn in the first nine

and reveals annual deficit for Pacific Century loss of S\$4.5m a year earlier and

Pacific Century Regional Developments, the insuranceto-property company partly owned by the Pacific Century group, said its recent interim loss had stemmed from the cost of developing its Hong Kong insurance subsidiary, Top Glory Insurance Co (Bermuda). Reuter reports from Singapore.

Responding to queries from the Stock Exchange of Singa-pore (SES) about its S\$21m (US\$14.5m) loss for the six months to September 30, PCRD said it had been "due mainly to

said it had open due manny to the bigb up-front expenses incurred by Top Glory". PCRD's interim loss, reported on December 29, com-pared with an operating profit early last year.

came on a 1 per cent rise in turnover to S\$49.5m. PCRD is 45.7 per cent-owned

by Pacific Century Group, a private company beld by Mr Richard Li. son of Hong Kong tycoon Mr Li Ka-shing. Top Glory, which recently said it aimed to become Hong Kong's third-largest life

insurer, is seen by analysts as a vehicle for Mr Richard Li's insurance ambitions in the region, especially China. Top Glory stirred controversy in Hong Kong when Mr Andrew Yang, formar chief executive of the colony's sec-

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US\$100,000,000

due 1998

Collared floating rate notes

Notice is hereby given that the notes will bear interest at

7.25% per annum for the period from 5 January 1995 to

Interest payable on 5 July 1995 will amount to US\$182.26 per

US\$5,000, US\$364.51 per

ond largest life insurer, National Mutual Asia joined it follow Tokai's lead

DIVIDEND NOTICE

Agnico-Eagle Mines Limited Dividend #15 of 10 cents (U.S.) a share, is payable January 24, 1995 to shareholders of record January 10, 1995.

Dated this 5th day of January, 1995.

Barry Landen Toronto



FLEMING FLAGSHIP FUND

Notice to shareholders

Nutice is bareby given that the following dividend will be paid:

Fund: FFF-Florning Sterling Bond Fund Currency: GBP Amount/share: 0.039 Payment date: 10.01.1995

The shares will be quoted ex-dividend as from 3 January 1995.

Paying Agent in Luxembourg: Kredietbank SA Luxembourgeoise («KBL«), 43 Boulevard Royal, L-2955 Luxembourg. Paying Agent in Germa Berliner Handels- und Frankfurter Bank, Bockenhe-Landstraße 10, D-60323 Frankfurt/Main,

Paying Agent in Belgium: Banque Dewaay sa, Boulevard Anspach 1 - btc 39, B-1000 Bruxelles-Paying Agent in Italy: Banca Commerciale Italiana SpA, Corso di Porta Nuova 7, 1-30121 Milano.

Paying Agent in Austria:

Creditanstalt-Bankverein Aktiengesellschaft, Technisches Zentrum, Julius-Tandler-Platz 3, A-1090 Wien,

January 1995, The Board of Directors

FLEMINGS

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Notice of Early Redemption **HMC MORTGAGE NOTES 4 PLC** £150,000,000 Class A (the 'Class A Notes') £9,000,000 Class B Mortgage Backed Floating Rate Notes Due August 2021

in accordance with Condition 6(d)(1) of the Class A Notes and Condition 6(c)(1) of the Class B Nates, Notchalders are hereby notified that all outstanding Notes will be redeemed in full on the neat Interest payment date of February 15, 1995. Payment o the principal amount of the Class A Notes and the Principal Amount Outstanding o the Class & Notes together with any interest due will be made against the surrender of the Notes at any Paying Agent listed below.

PRINCIPAL PAYING AGENT ANII AGENT BANK The Chase Manhattan Bank, N.A. Woolgate House, Coleman Street, London EC2P 2HD

Banque aruxelles Lambert S.A. 24 Avenue Marnix, 8-1050 Chase Manhattan Bank Luxembourg S.A. 5 Rue Plaetis 338 Luxembourg Grund 1-2338 Luxe

Chase Manhottan Bank (Switzerland) 63 Ruo du Rhône, CH-1204 Geneva, Switzerland By: The Chase Monhattan Bank, N.A. London, Principal Paying Agent and Agent Bank

January 5, 1995

CHASE

company might he able to break even this year. EUROPEAN DEPOSITARY RECEIPTS (EDR) BEARER DEPOSITARY RECEIPTS (BDR) Morgan Guaranty Trust Company of New York **Brussels Office**

(-20% tax) (-15% tabs) Annhi Chemica Industry BDR (1,2,3,6) USD 0.5954 USD 0.5096 23/12/94 43 USD 0.4787 19/12/94 USD 0.5920 USD 0.5572 Electric SDR (1,2,3,4,5,7) 16/12/94 USD 4.9820 USD 4.2347

Morgan Guarathy Trust Company of New York - (1) New York, 30 West Broadway (1) New York, Su West Eroadway
 (2) Brussels, 35 Avenue des Arts, 1040 Brussel (3) London, 60 Victoria Embar

(4) Paris, 14 Pace Vendôme (5) Frankfurt, 45 Mamzer Landstraeco Banque Générale du Luxembourg, 14 Rue Aldringen, Luxer Crédit Industriei d'Alsace et de Lorraine, 103 Grand Rue, Luxemb EDR and BDR holders who wish to and are entitled to receive payment of d

MERGER MANIA IS BACK!

JPMorgan

JPMorgan

US\$10,000, US\$3,645.14 per US\$100,000 notes. Agent: Morgan Guaranty Trust Company

Secretary

INTERNATIONAL CAPITAL MARKETS

on tarif Record trading volume for Liffe and Matif in 1994

Liffe and the Matif, Europe's cent increase in trading vol-two biggest futures and ume to 93,437,147 contracts. Tolecon two biggest futures and options markets, yesterday reported record trading volumes in 1994, confirming the current strength of international derivatives exchanges. Mension of the state of the sta Earlier this week the world's two higgest's exchanges, the Chicago Board of Trade and the Chicago Mercantile Exchange also reported record

THE TRANSPORT

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Turner the con-

Growth has been concentrated in interest rate products, demand for which has surged as a result of rising rates and volatility in the world's bond and money markets.

Trading volumes at Liffe increased by 50 per cent to reach 153,034,471 contracts,

S African

bank seeks

\$75m loan

First National Bank of

Southern Africa is seeking a

\$75m loan on the international

syndicated lending market,

marking the country's

increased access to global capi-

tal markets since the end of

The loan, which is due to be

first public syndicated loan for

South Africa to be structured

without recourse to trade

FNB was advised by Henry

Asbacher, its merchant banking subsidiary, and the one-year loan is being arranged by

Fuji Bank. There is a commit-

ment fee of 20 basis points, and

the loan has a margin of 55

basis points over the London

interhank offered rate, plus

maximum participation fees of

10 basis points for an amount

WORLD BOND PRICES

By Martin Brice

apartheid.

launched into general syndication today, is believed to be the

while Matif reported a 29.3 per

At the CME volume rose 40 per cent, to a record 208m contracts. December was the second-busiest month ever, with 20m contracts changing hands.

In the midst of a volume race with the Chicago Board of Trade, the CME changed its method of counting contracts last year. By this more liberal measure the exchange said its volume was 226.3m contracts in 1994. The CBoT reported a 23 per

cent increase to 219m contracts in 1994. The CBoT's December volume, at 13.7m, was up 6 per cent from the previous Decem-

Mr Daniel Hodson, chief executive of Liffe, said the

market's performance in the first half of the year had been "quite exceptional". During 1994 daily volume at Liffe rose to 607,280 contracts, representing annual daily turnover of

DERIVATIVES

Liffe set a daily record on March 2 1994 of 1.6m contracts and on 12 days during the first quarter of the year Liffe traded more contracts than any other derivatives exchange in the

Since the first half, growth had slowed. Mr Hodson estimated volume was currently increasing at an underlying rate of 20 per cent and predicted growth of between 10

per cent and 20 per cent in 1985. Trading in Italian lire and D-Mark-denominated products

showed the fastest growth. with three-month eurolira futures increasing by 134 per cent and Italian government bond nptions up by 71 per cent. Trading in Liffe's long gilt future grew hy 61 per cent and

short sterling futures by 37 per cent. Liffe's equity index prod-ucts, the FT-SE 100 index future and nptinns and the FT-SE 250 futures contract grew by 36 per cent and 39 per cent respectively.

Open interest, the best indicathr of liquidity and long-term use of the market, settled at 3.144.159 contracts on December 30 1994.

At Matif, average daily volume in 1994 was 373,749 lots and average open interest represented 1,473,536 contracts, a 9.6 per cent increase compared

with 1993. The Nohonal confirmed its position as the most heavily traded future in Europe with a 36.3 per cent increase over 1993, totalling more than 50m contracts and a daily average of more than

200,000 lots. The options on the Notional future posted the highest growth rate of all Matif contracts with a 55 per cent increase in volume. Average open interest stood at 600,000 contracts. Trading in the CAC-40 future contract saw a 26.3 per cent progression, averaging 30,000 daily lots.

NEW INTERNATIONAL BOND ISSUES

man futures exchanges have also reported record volumes for 1994

Trading volumes at the Tokyo International Financial Futures Exchange (Tiffe) also rose to record highs last year. Annual volume of 38,034,953 contracts was 57.7 per cent greater than in 1993.

The Deutsche Terminborse saw an increase of 17.9 per cent to 59,208,630 contracts.

In order to meet rising demand, several exchanges, including Liffe and the CBoT, have announced plans to expand trading space this year.

> Richard Lapper and Laurie Morse

and Lisa Bransten in New York UK gilts pushed cautiously higher in thin trade yesterday, huoyed by strength in US Treasuries and outperforming other

By Graham Bowley in London

Gilts edge higher

as Treasuries stage

recovery from lows

European bond markets. GOVERNMENT BONDS

The 10-year yield spread hetween gilts and German government bonds narrowed to 122 basis points from a close of 131 on Tuesday, with dealers reporting some switching out of European markets into

The long end of the gilt yield curve performed particularly strongly, dealers said. However, further progress is limited by the threat of supply hanging over the market from four existing tap stocks in the five- to 18-year areas and an auction at the end of this

The March long gilt future on Liffe was up 1/2 point at 1003 in late trading

German hunds moved lower in subdued conditions and are expected to remain in a tight trading range before US emplnyment data due to be released on Friday.

Dealers reported switching hy investors from shorterdated to longer maturities as they adopted a more defensive stance in anticipation of rises in short-term interest rates later in the year. However, the Bundeshank is unlikely to change short-term interest rates at today's council meet-

ing, analysts said. The March bund contract on Liffe was down 0.04 points at 88.72 in late trading.

Elsewhere, Spanish government honds ended the day slightly down, in spite of a sharp rally in early trading following a rise in short-term interest rates. Italian government bonds fell back on disappointment over lack of progress in resolving the country's current political problems.

■ US Treasury prices bounced off Tuesday's lows as the dullar firmed against the Japanese yen and the D-Mark. By midday, the 30-year gov-

ernment bond was up 32 at 95% yielding 7.876 per cent. At the short end, the two-year note rose 1/4 to 9911, yielding 7.656 per cent.

There was little fresh economic data and vnlumes were light as traders held positions in advance of important employment figures due tnmnr-

The market showed little reaction to figures released at mid-morning showing that November construction expenditure had risen 0.7 per cent, slightly more than economists' expectations of a 0.5 per cent rise. Still, the figure was dnwn from October's 0.9 per cent

Instead, traders focused on the rising dollar. By late morning, the dollar had risen to Y101.36 and DM1.561 frnm Y100.67 and DM1.561 late on

Tuesday's market was trouhled hy a report from the National Association of Purchasing Management that showed the prices paid component of its December index of business activity at a 14-year

The main index, however showed the pace of growth in the manufacturing sector down from November.

Heavy issuance leads to fears of overhang

By Martin Brice

A flood of issues caused another hectic day in the eurobond market as borrowers yesterday took advantage of favourable swap opportunities for shorter maturities and strong retail demand.

INTERNATIONAL BONDS

One dealer said: "I think we are all surprised by the ferocity of the market." Another said: "The market cannot absorb this. We need to see some absorption of this paper." Dealers said that more than \$5bn of issues had emerged within two days hut only about 25 per cent of that had been placed, leaving more than \$3.5hn of bonds overhanging

the market. Much of yesterday's paper followed the trend of shortdated dollar issuance aimed

at retail investors. However the largest of yesterday's dol-lar deals was aimed at institutional investors for Sallie Mae, the US Student Loan Market ing Association, hy IBJ and

This caused comment from other houses as two Japanese banks had won a mandate to hring the year's first global dollar deal from a US hor-

The \$500m, two-year deal was said to have found firm demand from central hanks in the Middle East and Asia, and Japanese investors in the US. The \$400m offering from AT&T via CSFB was the longest-dated dollar deal, with a five-year maturity, which other houses said had met good demand from both retail and

Two UK huilding societies came to market - Birmingham and Midshires via NatWest Markets, and Abbey National with an offering via Deutsche

institutional investors.

Borrower	Amount m.	Coupon	Price	Maturity	Fees	Spread	Book runner
US DOLLARS	1112	-			~	242	
Salle Mae	600	7.8750	100,000	Feb. 1897	0.125R	+20(7):5%-96)	IBJ fritL/ Nomura Intl.
TST	400	8.25	100.072R	Jan.2000	0.275R		CS First Boston
SMAC	250	8.50	99,73R	Jan. 1998	0.258		CS First Boston
CKE EX	200	8.00	101,10	Jan. 1997	1.125		Swiss Bank Corp.
SECC	200	8.00	99.89R	Jan. 1997	0.125R	+18(71/-96)	
SL Bankfal	200	8.00	89.862R	Jan. 1997	0.125R	+20(71/2%-96)	Nikko Europe
Dopte Baridoi	200	8.25	99.939R	Feb.1937	0.15R	+40(7%%-98)	HSBC Markets
Bank Austria	100	8.00	99.907R	Feb. 1997	0.125R	+18(7!5%-96)	Portoas Capital Markets
TERLING							
Birmingham Midshires B/S/c)t	200	(01)	99.865R	Apr. 1998	0.125R		NatWest Markets
OKB(d)	150	8.375	99.99R	Dec. 1996	0.125R	+18%(10%-96)	SG Worburg Securities
WISS FRANCS							
3ECC	300	5.25	102.30	Feb.1999	1.75	-	UBS
uropean Sovereign Invs.(d)+	125	5.75	102.20	Aug. 1999	1.50		Credit Suisse
B Schleswig-Holstein	100	5.50	102.50	Feb.2002	2.50		Banca del Gottardo
Oberoesternschische LB	100	5.50	102.75	Jan.2000	2.00	-	Credit Suisso
TALIAN LIRE							
Orédit Local de France	300bn	zero	62.45	Jan. 1997	1.125	•	Cample/Credite Italiano
urofime	250bn	11.125	101.574	Feb.2000	1.75		Deutsche Bank London
Abbey National Trees.Services	200bn	11.25	101.325	Feb. 1996	1.375	-	Deutsche/HSBC/San Paol
cus							
GECC	150	8.25	100.075R	Jan. 1999	0.20R		Swiss Bank Corp.
SNG(e)	50	8,125	99.605R	Dec.1996	0.225R	+5(714%-98)	Barcteys do Zoete Wedd
USTRALIAN DOLLARS							
ISW Treasury Corp.*	200	4.50#	87,188	Jan. 1998	1,375	. •	Nomura International
SCUDOS							
crofmat	10bn	10	100.00	Jan.2005	undisci,	-	Banco Pourtugues de Invi

Tricating-rate note. #Semi-annual coupon, R: fixed re-offer pricx; less shown at re-offer level, a) Long 1st coupon, b) Long last coupon, c) Callable on any coupon date from Apr.97 at par. c1) 3-min Libor +8bp. d) Short 1st coupon, e) Fungible with Ecu150m, Plus 55 days accrused, Spread relates to French Govt Ecu BTAN's. f) 6-min Lisbor -15bp. wig-Holstein was launched on Bank, HSBC and San Paolo brought a bond for Eurofima

which was said to have met good demand from investors in the Benelux region, Germany and Italy. Deutsche Bank also

which was also targeted at Benelux investors. Dealers noted that the two-

Tuesday at 40 basis points over US Treasuries and vesterday tightened in to around 35 basis year \$200m deal for Schles-

BENCHMAR	K GOVE	RNM	ENT BO	NDS				Italy	4						
	Coupon	Red	Price	Day's charge	Yield	Week	Month ago			AN GOVT.		P) FUTUR	ES		
Australia	6.500	09/04		-0.760	10.19	9.99	10.1e	10.14	Open	Sett price	Change	High	Low	Est. vol	Open int
Belgium	7.750	10/04	95.2100	+0.090	8.48	8.32	6.23	****				-		22935	-,
Canada 4	9.000	12/04		-0.050	9.20	8.99	8.96	Mar	99.05	98,86	-0.08	99.53	26.B1		45032
Decoments	7.000	12/04	86,7000	+0.130	9.00	8.94	8.64	Jun		98.36	+0.12			0	20
rance BTA		05/98	100.3750	+0,190	7.91	7.69	7.27								
1 QA		04/05	83.9000	+0.010	8.40	8.11	7.81	E ITALIAN	GOVT. B	OND (BTP)	FUTURES	OPTIONS	(UFFE) Lin	200m 100	the of 100%
Germany Bund	7,500	11/04	98,7900	-0.010 .	7.67	7.50	7.34	Strike		CAL	1 9			PUTS -	
taly	8.500	08/04	80,2500	+0.040 1		1,89	11,71	Price		Mar	Jun		Mar	. 0.4	3un
lapan No 11		06/98	103,6400 96,1580	-0.730	4.71	3,88	3.91 4.63	9850		1.76	2.56				2.70
No 18 Netherlanda	4 4,100 7,250	10/04	98.2600	+0.020	7.80	7.65	7.46	9900		1.47	2.33		1.40 1.61		2.70
Spain	10,000	02/05	2000			11.69	11.13	3950		122	211		1.88		3.25
UK Gilts	6.000	.08/89	90-08	+9/32	8.62	8.40	8.54			Puts 710. Pre				15754	0.23
,	6,750	11/04	87-04	+12/32	8.72	8.46	8.61	ENC AOT HOND	CHES ON	-us / 10. Pit	worker coth 2	open et., c		US 13124	
	9,000	10/08	102-18	+11/32	8.66	8.45	8.56								
US Treesury *	7.876	11/04	100-06	+7/32	7.84	7.74	7.77								
	7.500	11/24		+15/32	7.88	7.76	7.88								
CU (French Govt)	8.000	04/04	82,8700	+0.120	8.76	8.50	8.26	Spain							
ondon closing. "Nov	York mkt-day				Yielder Lo	cel mer	ket standerd.		AL COAN	SH BOND	mare A	ARCEE			
Growt (Including will	hholding tex s	12.5 per	cent peyable	by norwest	ionisi			H NOTION	ML STAIR	ISM DONLY	O TORES	NALL!			
Prices: US, UK in 32r					Source	K NOVS	International		Ореп	Sett price	Change	High	Low	Est. vol	Open int.
us intere:	ST RATE	S						Mar	64.10	84.02	-0.03	84,50	84.01	28,948	47,519
			Yearn	1884s and E	land Wald	<u>-</u>									
unchilime .															
rime cale	T-	ng grandh Chang av		5.39 The 5.33 The	9 year		7.87								
Broker loan sete		red month.			Ages		7.83								
ed. Aurch	. 5% 81	mostly		6.64 10-	year		7.83 7.85	UK							
Fed funds at intervention	L Of	m jan		7.18 . 30-	year		7.90	E NOTION	AL UK G	LT FUTURE	S CLIFFET S	250,000 33	ends of 100	te .	
									0	Can ada	-	10-4		Est. vol	Open Int.
COMP FIRST	DEC AN	-	TIONE					1	Среп	Sett price	Change	High	LOW		
BOND FUTU	HED AR	D OF	TIONS					Mar	100-11	100-24	+0-17	100-26	100-07	39936	95903
				_				Jun		99-24	+Q-17			0	a
France															
NOTIONAL FRE	NCH BOND	FUTURE	S (MATIF)					E LONG G	LT FUTU	RES OPTIO	NS (LIFFE)	250,000 e	4ths of 100	96	
Open	Sett pric	a Chen	ge High	Low	Est	VOL	Open Int.	Strike		CAL			44	PUTS -	£
far 109.7	2 109.54	0.0	6 109.8	108.5	0 115	548	131,380	Price		Mar	Jun		Mar		Jun
tun 109.0		-0.0					2.642	100		1-47	1-62		0-63		2-14
ieo 108.4		-0.0				1	1.065	101		1-12	1-34		1-28		2-50
		-			• .	•		102		3-48.	1-11		2-00		3-27
								Est. vol. socal,	Cals 341	Puts 5041. F	rewous day	s open Int.,	Calls 27316	Pura 33348	
LONG TERM FF	HENCH BON	D OPTIO	MATIF)												
Strike		LLS			- PUT			1.0							
Mice F	eb A	Aur .	Jun	Feb	Mar		Jun	Ecu							
10	.65 1.	.08		1.07	1.50		12.00	E ECURO	un elmi	RES (MATE					
		.65	1,02	1.70	2.10		2.52	# ECO BO			-	7.1			-
		40	-		2.80		-		Ореп	Sett price	Change	High	Low	Est. vol.	Open int.
		21		-				Mar	79.88	79.98	+0.12	80.12	79.86	5,034	5.482
14		.11	0.32												••••
at, vol. total, Calle 21			widue day's o	-	A 147 475	Dide	138 504								
West, Case, 51	A-0	ardr., rite			147,420										
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ermany		: .						US TREA	ASURY B	פעדעק מאכ	E9 (C81) \$	100,000 3	2nds of 10	0%	
NOTIONAL GER	MAN BUND	PUTURE	es (LIFFE)" C	M250,000	100ths (of 100°	%		Open	Latest	Change	High	Low	Est. vol.	Open int.
Open	Sett price	Chen	ne High	Low	Est	vol	Open int.	Mar	98-24	99-02	+0-11	99-04	98-24	186,574	337,095
	88.74	-0.0		88.56			172908	Jun	98-14	98-22	+0-10	88-24	98-13	625	13,238
				88.20		8	1406	Sep	98-14	28-14	-	98-14	93-14	130	1.757
un 68.20	88.14	0.0	2 00.20	00.20	- 2	-	1400								

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м .	88.20	88.14					28	1408	Ser		96	B-14	88-	14 -	98-1	4	93-14	130	1.7	57
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trice -	Feb	Mac	ALLS	Jun	Feb	Mar PUT	Aor	Jun						JAPANESE 0	OVT. B	OND I	FUTURE	5		
850	0.64 .	0.92	0.83	1.14	3.40	0.68	1.19	1.50			0	реп	Ck	se Change	High	ı	Low	Est. voi	Open	ini
800 860	0.39	0.67	0.63		0.66 0.97	0.93 1.22	1.49	1.79 2.11	Me			7.71		. All Open interes	107.7		07.53	2521	0	1
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orts" (Lives				···· 107-3	1001	Punding \$12p Conversion 9			7,47 8,81	73% of 104%	170	1251	694 10112	Index-Linked 2pt '96	(b) (67.9)	268	418 :	301Å -Å	203%	197
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54pc 1996			7.56 1097 7.50 107A	-& 121g		73pc 2006	#	8.32	8.68	93,2	+4	112]	901	21226 '09	(78.8)	3 66		52/1	168,5	14
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ne Blese 186			37 1000	110.3		Trees 200 20			8.67	10233	+14		8913	21/200 2012	(97.7)	374	3.67 11:			10
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pe 2001 ## Last 2000			1.74 91% 1.87 10421	+å 105å +å 123å	9033	Comy 3120c T		5.97	-	5743	}[71	55 %	Met Wir 3or B .		4.30	7.95	e91	78	56
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er 11 ¹ 2pc 20		10.22	97 1114	+12913	10033	Trees. 21 ₂ pc.		8,72	-	2811	-48	31.4	22	SELECTION TO SELECTION	pe aces	14.51	-	**7	.47	-

FT-ACTUAR	IES FIXE	DI	NTERE	ST INC	ICES											
Price Indices UK GDts	Jer Jer		Day's change %	Tue Jan 3	Accrue			Jan 4	Jan 3	yield Yr. ago	Mediu Jan 4	Jan 3	on yield ~ Yr. pgo	Jan 4	couper 3 nct	
1 Up to 5 years (24) 118	62	+0.09	118,69	1.50	0.51	5 yrs	8.89	8.73	5.70	8.70	8,73	5.93	8.89	B.94	6.01
2 5-15 years* (22)			+0.26	138,68	2.31		15 yrs	8.58	B.61	6.41	B.71	8,74	8.52	8,92	8.95	6.74
3 Over 15 years	9) 154	62	+0.27	154,20	1,89	1.19	20 yrs	8.53	8.55	6.50	8.71	B.74	B.57	8.86	B.87	8.75
4 Irredeemables (5) 175	54	+0.04	175.46	1,39		kned.†	8,69	8,60	8,62						
5 All stocks" (61)	135	93	+0.20	135.79	1,97	0.37										
									- Inflati	on 5%	-	_	- Inflatio	и 10% –	-	
Index-linked								Jan		n 3 Yr.		Ja	n 4 Ja	n 3 Yr.	ago	
6 Up to 5 years'	(2) 187	13	-0.02	187.16	1.31	0.00	Up 10 5 yrs	4.	13 4	.11 2.	16	2	.90 E	.87 1.	33	
		6.3	+0.04	173,46	0.80		Over 5 vm	3.1	18 9	.88 2.					75	
Over 5 years' []	U 1/3															
7 Over 5 years* (13) 3 All slocks* (13) Average gross redains* * Due to sechnical pro	174 Xikan yiekda are	05 Shown	+0.03 above. Cou	173.99 pon Bands:	0.84 Low: 0'9-73	0.00 No. Mexicunt B	n-10% to Highe	11% and (wer. † R	int yield, ytd						•
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3 All stocks* (13) Average gross redsmy * Due to technical pro	174 Mari ylekta sire blems, indices	os shawn for 30	+0.03 above. Cou Ducember 1	173,99 son Bande: 394 wore in	0.84 Lows 0%-73 correct. For	0.00 Pis, Mediumo 8 consciod indici	S-10%%; High: to please but F7	11% and (Statistics	over.†P	let yield, ytd 73 3080.	l Year lo (tole.		Dec		Dec 23
3 All stocks* (13) Average gross redsmy * Due to technical pro	174 Ekkin yletta sire blems, indices ITEREST Jan 4 Ja	os shown for 30	+0.03 above. Cou Ducember 1	173,99 son Bande: 394 wore in	0.84 Low: 0%-73 concot. For	0.00 his Mechanic 8 connected indica	GIL	11% and (Statistics	ON 071 8	let yield, yid 73 3000.	TY IN	bic Es	\$		28 C	Dec 23

		-			MCE	-					B1 601 4	12 11 12	120	4
Isted are the latest international born issued					te secondary market. Closing prices or Issued	i Janua Bld	-	Chg.	Yield	lesued	Bld	Offer	Chg.	Yk
I.S. DOLLAR STRAKEHTS		17.4			United Kingdom 7 ¹ g 97	1003	10012		6.96	Abbey Nati Treasury 8 00 E 1000	3112	9134		9.
Wabey Nad Treasury 512 00 1000		36 ³ 6		8.53	Volkswagen inti Fin 7 00 1000	20%	93%	- 4 -}a	8.11 7.89	Aliance Lakes 11 g 97 E 100	104%	105	7	8.
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By Roderick Oram.

Consumer industries Editor

Allied Domecq's UK sales of

Teacher's whicky and other

premium hrands of spirits and

fortified wines surged in the

week hefore Christmas, the

lts trade aales volume

was two and a half times

greater than in the same

period of 1993 and 1992. Several

mecial factors were at work.

but the underlying trend was

still very positive, said Mr

Michael Dane, chief executive of Hirnm Walker Agencies.

Pillar Property Investments,

the investment and develop-

ment company which joined

the etock market in August,

yesterday announced it had

acquired properties in Man-chester and London for

in central Manchester, two

drinks group announced yes-

Bain Hogg sells US operations for \$50m

By Ralph Atkins,

Bain Hogg, the insurance hroking arm of Inchcape, bas sold most of the operations of Bain Hogg Robinson, its US subsidlary, to Acordia, the Indianapolls-hased insurance broker, for \$50m (£32.3m).

Bain Hogg said the move was part of its plans to form a strategic alliance with Acordia, the world's eighth largest insurance broker, with the aim of strengthening the service It could provide to clients in the increasingly competitive US

Further details about a joint venture between Bain Hogg and Acordia are expected to be announced in the first half of

Acordia is to acquire the

from £2.6bn to £4.6bn. They are

again split over the outlook for

the shares next week after the end of the stahilisation period, wherehy Goldman Sachs, global co-adviser, has been able

A decision next week hy the US Food and Drug Administra-

tion on wbetber to license

Wellcome's best-seiling drug

Zovirax as a non-prescription

drug was "critical" for the

Warner-Lambert, its new US

partner, Mr James Cochrane,

Wellcome's European operat-

New data on the drug will be

presented to a joint meeting of the FDA's Antiviral Drugs and

Non-prescription Drugs Advi-

sory Committees on January

12. Their recommendations are

usually accepted by the FDA.

Antelope, the London-based

has been acquired by Tele

lmages, a French television

production and distribution

Tele lmages, which was founded in 1983, is controlled

hy a group of French investors.

group, Banque Worms, and

television production company

French TV production

group acquires Antelope

U.S. \$200,000,000

Bank of China

Floating Rate Notes 1998

In accordance with the provisions of the Notes, notice is hereby

given that for the interest Period from January 5, 1995 to July 5, 1995 the Notes will carry an interest Rate of 7.50% per annum. The

ions director, sald yesterday.

Bain Hogg will keep parts of for the administration of medical insurance, and some small "start-up" husinesses. In total, the US operations made pre-tax profits of ahout £750,000 on revenues of £44m in 1993.

Bain Hogg said the sale of the US husinesses would help strengthen its links with Acordia. The US operations were acquired hy Inchcape, the motors, marketing and services company, when it bought the Hogg Group last year.

parts of Bain Hogg Rohinson responsible for general com-

mercial broking, employee ben-

efits consulting, and the administration of workers'

Analysts expressed scepti-cism about the value of any etrategic alliance. But Mr

Roman Cizdyn, insurance ana "US retail broking is a difficult market. Profit margins are low, and this is probably sensible rationalisation for Bain Hogg."

Acordia, a network of companies providing insurance broking, managed care administration and consulting services, bad revenues of \$258m (£165m)

Incheape has said in the past that it would float off Bain Hogg as a separate company in the next few years, arguing that most large international inaurance brokera operate independently.

However, the group said yes terday that its emphasis currently was on hullding global husinesses and in making Bain Hogg as attractive a proposi-

> sales were up 13 per cent. Sales volumes in its high

The sales rise in Next Directory, the mail order division, was due partly to a 10 per cent increase in customer numbers.

sq ft, were bought from Team Services for £20m. The pair earn a total of £1.7m in annual rent. This will increase Pillar's current rent roll to £27m a year on properties with a hook value of £360m.

£23.3m.

Pillar said vacant space in Lee House, which yielded 8 per cent against its purchase price. was guaranteed by Team. There were already offers for some of the 40,000 sq ft of vacant space in Churchgate,

By Richard Gourlay and

ances, whose parent Merloni

Elettrodomestici owns the

white goods brands, has paid £12.6m for New World.

in August a buy-in team led

by Mr Mike Hassall and backed

by Murray Johnstone, the pri-

vate equity investor, paid £5.5m for New World which

had lost £10m over the previ-

The deal gives Merloni Elet-

trodomestici Its first UK manu-

facturing base and one of the

UK's longest established and

Pentex, a Scottish-based oil

exploration and production

Andrew Baxter

Raymond Mould: offices were likely to be filled quickly

Special factors add to strong underlying sales trend

Allied's drinks distributor.

The trend of consumers leav-

ing their drinks purchases

until nearer Christmas was

one factor. The latest period

also benefited from six shop-

ping days in the last week before Christmas.

There was little evidence.

however, that consumers were

stocking up ahead of the Janu-

ary 1 increase in excise duty.

Several other leading drinks producers said they had

enjoyed s positive Christmas,

with a strong final week, hut they expressed surprised at the scale of Allied Domecq's

Mr Dane added

Pillar acquires properties

in London and Manchester

which yielded 12.5 per cent against its price. Mr Raymond Mould, chairman, said the offices had a prime location in the city cen-tre and through active manage-

white goods group for £12.6m

continues the gradual concen-

tration of ownership in

The rapid turnround of New

World under its new manage-

ment will be a source of some embarrassment for Blue Circle.

Within six weeks of the

buy-in, the new management bad cut one third of the staff,

almost all of them at a man-

agement level, Mr Hassall said.

The company almost immediately returned to profitability.

also improved relations with

British Gas. New World's larg-

est customer which accounts

for more than half of its sales.

performance also meant it has

repaid the £3m of deht taken on at the time of the buy-in.

mid Qualcast, which Blue Cir-

cle bought for £330m in 1988.

turnover of £10.7m.

North Sea fields.

New World was part of Bir-

New World will strengthen

Merloni's overall position in

minority stakes in several

to raise finance through the

listing. But Mr Cameron said it

would give Pentex weight

when dealing with hig oil

groups and would help it to

wanted to make acquisitions

The company is not seeking

The company's improved

Europe's white goods sector.

quickly.

upturn. Distillers, such as

Guinness, Grand Metropolitan

and Highland Distillerles, said

they were not planning trading

get all the market information in towards the end of Fehru-

ary," said Mr Brian ivory, chief

executive of Highland Distill-

eries, producer of Famous

Grouse, the second biggest sell-

ing Scotch. Guinness will make

its firet comments about

Christmas when it publishes year-end results on March 23.

Domecq had been an aggres-sive discounter before Christ-

Competitore sald Allied

"We don't comment until we

statements.

In London, Pillar has paid £3.3m for s development huilding in Piccadilly. A further £375,000 is payable to the vendor on gaining planning approval. The company plans to refurbish the property to provide 14,300 sq ft of office space hy early 1996. Since its successful flotation,

Pillar has spent almost £70m in property and development acquisitions, including deals with its joint venture partner, the Canadian investment fund,

The company's shares rose 2p yesterday to close at 150p. Analysts expressed confidence that Pillar's strategy of maximising the value of its property assets by adding value with refurbishments and active management was the best policy against s continu-

where it is already the third

"a new level of stability" for

New World after 12 months of

change and upheaval. It looked

forward to continuing the "suc-

sition from Blue Circle.

ss and prosperity" achieved at New World since the acqui-

Merloni said it was too early

New World, and It could be

to comment on manning levels

months before detailed plans

ton plant were determined. But

the Italian company expects to

invest more than £10m in New

World in the next three years.

140,000 cookers s year, and also

produces gas fires and vitreous enamel raw material. Merloui

Domestic Appliances, Merioni's

UK sales company, sells about

New World sells about

Merioni said the deal marked

largest supplier.

Forte sells two more small hotels for £2.5m

profits, one analyst estimated.

its shares have weakened

recently, following the devalu-

ation of the Mexican peso. If

the peso and Allied's Mexican

volume remain nt current lev-

els, the devaluation could cost

it some £20m in pre-tax profits

In the year ending February,

By Geoff Dyer

Forta's plans to dispose of small, provincial hotels which do not fit into its UK brand structure took a further step yesterday with the sale of a hotel in Swindon, Wiltshire and one in Basingstoke, Hamp-Industry sources believe the

consideration is about £2.5m. Analysts estimate that the group has raised £40m from the sale of 23 hotels in its current financial year to end-Jan-

uary. The two hotels - the 62-bed Red Lion Hotel in Basingstoke and the 65-bed Goddard Arms Hotel in Swindon - have been acquired by Management Services International, the Newbury-based private hotel group and leisure consultancy. Forte still has two hotels in both

Three years ago, Forte identified about 30 smaller hotels which were not suitable for the new hrands it devised for its UK portfolio of hotels. Fif-teen of these have been sold so far - 10 in the current financial year.

The company sald that the sales were an indication that there was some strengthening in the UK market. It has also sold 13 Trave-

lodges in the US in 1994-95, 8 of which were joint ventures. Unlike the UK hotels it has sold, many of these were lossmaking.

Forte etressed that It had made more acquisitions than disposals this year, including chase of the Meridien chain of 55 hotels in November. It has also opened 22 Travelodges in the UK and 60 Travelodge franchises in the US.

Andrews Sykes property sale

600,000 cookers, refrigerators, Andrews Sykes, the lossfreezers, dishwashers, washing making industrial services machines and tumble driers group, has sold its freehold property in Marston Road, Wolverhampton, West Midlands, for £590,000 cash. The property had a net book value of £587,000 at March 31 1994. The group, which is 59.5 per cent owned by Mr Jean Jacques Murray's European Fire Protection, has been undergoing a restructuring. In the six months to September 30 a con-nected charge of £2m resulted in a pre-tax loss of £1.96m. The proceeds of the disposal have been applied in reducing

the high level of gearing. Partco expands

Partco, the vehicle parts distributor, has acquired Dow-ney Antoparts, the Belfastbased parts company.

Net assets being acquired amount to some £400,000 and the transaction will be satis-

PUBLIC WORKS LOAN BOARD RATES

Banco Central del Uruguay New Money Notes Due 2006

USD 39.50 Per USD \$1,000 STG 60.58 Per STG 500 DSD 40.22 Per USD 1,000

Speculation mounts over prospects for offshoot to shares in BSkyB

to support them for 30 days after the flotation.

Ms Louise Barton, media
analyst at Henderson Cros-Speculation is mounting about the prospects for the shares of thwaite, is today publishing a BSkyB, the recently floated satellite television venture, 'sell' note on BSkyB. She was when they start to trade freely bearisb about the company on the stock market after the before the flotation and now forecasts a sharp fall in the official stabilisation period

unsupported shares to 200p. BSkyB has been clouded by Conversely Ms Rebecca Wincontroversy since announcing nington-Ingram, media analyst at Morgan Stanley, is optimisplans for its £4.4hn stock market debut last month in Lontic about the company. She don and New York. yesterday published a positive Analysts were sharply divided over the company's value – with estimates ranging note on BSkyB advising investors to buy the shares up to

BSkyB's shares rose immediately after its flotation but have since slipped back to the initial price of 256p. The shares closed yesterday

Zovirax licence 'critical' for

Wellcome's US partnership

Weilcome conceded that it

might be forced to return to

the committees at a later date

if committee members raised

If Zovirax is not approved for

non-prescription over-the-counter sales ahead of the

in 1997, the joint venture with

Warner-Lambert will have to

Wellcome shares fell 14p to

The venture, Warner-Well-

come Consumer Healthcare

Products, formed last year, has

annual sales of more than

\$1.6bn (£1.02bn) in north Amer-

is best known for its drama

Antelope, founded in 1979.

specialises in documentaries,

including The Heart of The

Dragon for Channel 4 and Por-

trait of the Soviet Union for Turner, the US broadcasting

group. It has been expanding

its International interests In

recent years, with co-produc-

tion deals in the US and Japan.

series and television films.

ica, Europe and Australasia.

be renegotiated.

686p yesterday.

McAlpine

for an undisclosed sum. Stanhope Cambridge and

Stanhope sells housebuilding

Stanhope, the property developer struggling to avoid receivership, has sold a house-building subsidiary, Stanhope Cambridge, to Alfred McAlpine

McAlpine were to have jointly undertaken a development west of Cambridge involving 3,000 houses and a husiness park. Under the terms of the acquisition. Stanhope has an option to purchase the latter part of the development.

The company refused to comment yesterday about its continuing negotiations with creditor hanks and potential buyers, namely British Land. Stanhope's banks, which are owed about £148m, withdrew credit facilities on December

Wellcoms also announced

that Panorex, s cancer drug,

had been approved in Germany. This is the drug's first

approval and it marks an

important step forward for the

technology behind lt, mono-

ogy company in which Well-

come has a 5 per cent stake.

Centocor will make Panorex

and Welicome will distribute

through an accelerated approv-

als process and it was likely to

be another three years before

Panorex was approved in other countries, said Wellcome.

had few product approvals fol-

lowing great excitement in the

drugs industry over their

Issues raised in a warning

letter in September from the

FDA to Wellcome about its US

production plant had heen

resolved after inspection hy the FDA late last month, Well-

However, the company

received a further warning let

ter on December 2 for heavy

marketing of an unapproved

drug. Lamictal, an epilepsy

treatment. It received FDA

ADVERTISEMENT:

ATCO

Craighton Twa

announce the appointment of Mr. Craighton Twa as Executive Vice President - Office of the Chairman

ATCO Ltd. and CANADIAN

Mr. Two first joined the ATCO

Group of Companies in 1959 and was appointed President of ALBERTA POWER and its

subsidiaries in 1986. He was

appointed Executive Vice President of CANADIAN

UTILITIES Limited in January 1994 and continues in his position

as Deputy Chairman of the CU GAS Division, ALBERTA POWER

Limited and CU POWER INTERNATIONAL Limited.

The ATCO Group includes CANADIAN UTILITIES - ATCO

STRUCTURES - ATCOR RESOURCES - and FRONTEC

The ATCO Group is pleased

approval last week.

notential in the 1980s

come said.

Monoclonal antibodies have

Germany had put the drug

cional antibodies.

drug is li Centocor, the US blotechnoi-

TJ Hughes

department store operator based in north-west England. said sales in Its 13 stores over the Christmas period had exceeded expectations, with a record performance in the

ations. Panmure Gordon, the ing pre-tax profits of £1.8m. In the year to January 29 1994, profits increased by 9

Weir Gronp, the Glasgowfor C\$5.2m (£2.4m) from Sweden-based Axel Johnson.

Brian sells and services

Standard Life

In Wednesday's FT It was by the regulators for poor training standards or compliance issues. Standard Life has not been fined on these or any other issues.

New World Domestic Appliances, the Warrington-based maker of gas cookers, has been sold to an Italian white goods group for double the amount paid by a management buy-in team to Blue Circle Industries week before Christmas. less than six months ago. Merloni Domestic Appli-

should confirm market expectcompany's broker, is forecast-

The chare price yesterday added 2p to 82p.

instrumentation and control complement the activities of Peacock in Canada.

Correction

best-known cooker hrands. It the UK white goods market,

ous four years.

By Robert Corzine

products concern, is acquiring Montreal-based Brian Controls

Ashtead in £3.6m purchase

Ashtead Group, the plant and machinery rental concern, is paying £3.6m, in caah and shares, to sequire Carter and Bradhury, a welding equipment hire company trading as Rentarc and Masterhire.

Carter and Bradbury has nine UK branches and made profits before tax of £402,000 in the year to March 31. Net tangible assets at that date were

Unidare disposal

Unidare, the Dublin-bssed industrial group, has com-pleted the disposal of its lossmaking wire division with the sale of the trading assets and liabilities of E&E Kaye, its UKbased aluminium and copper wire manufacturing business. The consideration for the

sale, which excludes the prem-

ises, was £1.05m cash, subject

to adjustment for any move-

ment in working capital. The

Charter Builders, the North

The prison - the sixth contract to be carried out under the arrangement with the

Texas Department of Criminal Justice - will have a capecity of just over 1,000 heds and brings to 11,002 the total accommodation constructed by

General.

cent of its £1.1bn gross assets invested in the UK and will be the largest company in the UK - General sector.

acceptances. The balance of 57.93m shares

will be subscribed by Samuel Montagu and the institutions which participated in sub-underwriting of issue. Montagu will then hold 3.56 per cent stake in Saltire and Bank of Scotland will hold 6.2 per cent

Allied Domecq sees spirits surge mas, offering, for example, £3 off a pair of its spirits bottles. The company said, however. that some brands, such as Harveys sherries, had enjoyed a premium to competing brands. UK spirits account for ahout £30m, or 4 per cent, of Allied Domecq's annual pre-tax

In a surprise statement, issued after the stock market

Next

enjoys

buoyant

yesterday revealed an

unexpectedly strong

performance over the

time from October to

Christmas period.

Christmas

Next, the UK fashion retailer,

With many clothing retailers

thought to have had a difficult

December, owing to the warm

weather, Next appears to have

said high-street sales since August were 17 per cent ahead of the previous year and mail ahead. The figures indicated a further improvement in trading since Next's interim results statement in September reported that group

street stores were 20 per cent ahead, although selling prices had averaged 3 per cent lower, following a planned reduction in gross margins. Selling space had increased by 2 per cent.

adjacent office hulldings, Churchgate House and Lee House, with an area of 240,000 Next, which has had customers queneing to get into its stores during the post-Christmas sale, said most of its sale stock would have been cleared by the end of this week. That leaves it free to

launch its spring range next Analysts were surprised by the fall in gross margins, hnt said the sales figures were ahead of expectations. Mr Nick Bnhh, retail analyst at Morgan Stanley, said he was keeping his pre-tax profit forecast for New World sold to Italian the full year at £102m, hut some analysts, whose forecasts were below £100m, are expected to raise them.

sales ahead

TJ Hughes, the discount

Continuing strong growth in like-for-like sales in the second balf meant that the results for

per cent to £1.6m.

incorrectly reported that Standard Life had been fined

Weir buy for C\$5m based pumps and engineering

equipment. Weir said it would

company, joins the London stock market today Unlike many E&P companies. Pentex is "primarily a production company," according to Mr Henry Cameron, an Aberdeen lawyer who is execu-

tive chairman. As such, It intends to pay a dividend, possibly as early as next year. In 1993 Pentex made pre-tax profits of £4.1m on turnover of £24m. In the first six months of

NEWS DIGEST

assets sold were the source of operating losses of £938,000 in the year to September 30 1994. in the six months to March 31 Unidare incurred pre-tax ses of I£4.6m (£4.54m) after an I£8m provision to dispose of

Kalamazoo buys

Kalamazoo Computer Group, the expanding Birminghambased computer services and printed systems group, has acquired GMS Tickets, the security print specialist, in a cash deal worth up to £700,000. GMS supplies e full range of added value season ticket books and personalised admission tickets for the sports and

UK football cinbs. Mowlem prison win

leisure industry. Its customer base includes 60 per cent of all

American arm of John Mowlem, the construction group, has won a \$24m (£15.3m) contract to build a women's prison in Gatesville, Texas.

EIT classification

Edinburgh Investment Trust has decided that its classification within the Association of Investment Trust Companies monthly information service should be changed from Inter-national - General to UK -

The trust has about 88 per

Saltire rights

The rights issue by Saltire, formerly Cannon Street investments, received 43.64 per cent

Pentex plans early dividend 1994 it achieved £1.28m, on valued at between \$10m and \$30m hy the end of the year. Production of 7,000 barrels a There was also the possibilday is divided between two ity of adding substantial onshore fields, which the comreserves through further exploration around its existing pany owns and operates, and

assets. Mr Cameron acknowledged that Pentex was "a geared company," having financed all of its past acquisi-tions through bank financing. The issued share capital consists of 20m 10p shares. The company expects trading to grow by acquiring additional open at about £1 a share, the

same price as that paid recently by institutions. The directors hold 25 per cent of the shares. Institutions include Ahtrust with 15 per cent and Strand Associates

with 13 per cent. fied out of cash resources.

			Quota	loans"		
Years		nang general	rates	'25 q	hart speaks	cales
, ;		Aft.			ATT.	-
C	. = .	-	7	-	-	7%
Over 1 up to 2	714	7%	8%	7%	75	8%
Over 2 up to 3	а	е	8%	874	SW	874
Over 3 up to 4	834	81/2	8%	812	894	8
Over 4 up to 5	8%	834	8%	8%	- 8%	ĕ
Over 5 up to 8	S34	S%				016
Character 2			8	8%	8%	914
Over 6 up to 7	S%	a%	S	9	. 8	9%
Over 7 up to 8	a%	8%	9	9	s	.914
Over 8 up to 9	8%	8%	9	g	8%	9%
Over 9 up to 10	S%	9	ā	gy.	914	9%
Over 10 up to 15	A	. 9	ğ	9%		9%
Over 15 up to 25	-	. 2	-		9%	
Over 75 to 10 23	8	S	S%	974	9%	914
Over 25	8%	8%	874	934	814 ·	2%
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quota lours. (Equal metalments of half-yearly payments to include original					annuity (baad 🥱

Notice of Interest Rate

Deht Conversion Notes 2007

CITIBANK, N.A., Agent

By: The Chese Manhaltan Bank, N.A. London, Agent Bank

January 5, 1995

January 5, 1995

General Electric Capital Corporation Medium-Term Notes, Series B

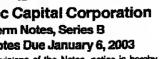
\$10,000 Note, U.S. \$3,393.75 per U.S. \$100,000 Note.





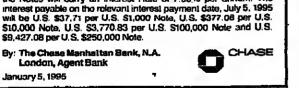
U.S. \$150,000,000

Floating Rate Notes Due January 6, 2003 In accordance with the provisions of the Notes, notice is hereby on accordance while the provisions of the notes, notes is needly given that for the Interest Penod from January 5, 1995 to July 5, 1995 the Notes will carry an Interest Pate of 6,75% per annum. The interest payable on the relevant interest payment date, July 5, 1995 will be U.S. \$33,94 per U.S. \$1,000 Note, U.S. \$339.38 per U.S.



By: The Chase Manhattan Bank, N.A. CHASE London, Agent Bank





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Andrews?

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Particular Martin Particular Martin M

I del Crassial

COMMODITIES AND AGRICULTURE

Gencor has taken its interest

a step further and is negotia-

ting for two exploration and

development concessions con-

taining gold, copper and

nickel. The South African

company has also used its hlo-leaching technology to test a

previously identified Cuban

Besides the inherent risks of

exploration, possible investors

in Cuban mining must weigh

other potential obstacles and risks, like the continuing US economic embargo against

Cuha, claims against former

US-held mining properties

there and a deep recession

gripping what is still a central-

ly-run state economy.
In the area of nickel and

cobalt, however, where Cuba's

known reserves are recognised

to be among the largest in the world, two major companies

have decided the risks are

worth taking. Cuba signed a

nickel and cobalt processing and refining joint venture with

Canada'e Sherritt in the middle

announced a large-scale explo-

with Australia's Western Min-

Gold price drops to 8-month low

By Kenneth Gooding, Mining Correspondent

Gold's price dropped to its lowest level for eight months yesterday as investment funds sold heavily. The price fell to US\$375.60 a troy ounce at the morning "fix" in London before recovering a little to close at \$376.10, down \$4.20.

The prospect of the gold market being caught in a "death cross," which, according to technical theory, could signal a sharp price fall, might have prompted the fund selling, suggested Mr Andy Smith, analyst at Union Bank of Switzer-

The "death cross" began to loom over the market before the Christmas break. It occurs if the 200-day moving average is crossed by the 50-day mov-ing average while both are fall-

silver market in late November augured a sudden 15 per ceni fall in that metals price. Nevertheless, gold was likely in the near future to remain

ing. A similar situation in the

above the key technical support level of \$375 an ounce. some analysts suggested. Mr Smith pointed out that last year the price several times had "bounced off" the 1994 low of \$368.20. Ms Rhona O'Connell at stockbroker T Hoare & Co said: "The price may dip below \$375 but I think it will hang on

grimly".

Ms O'Connell is forecasting an average gold price of \$410 an ounce for 1995. in contrast, Mr Smith suggests the price will average \$360 with a low point in mid-1995 of about \$350. He said the first half of 1995 is likely to prove a "difficult time" for all precious metals.

MARKET REPORT

Copper leads retreat

Traders described the COPPER market as the "bell-wether" of the London Metal Exchange yesterday as a \$100-a-tonne fall triggered selling of other base

Investment fund selling was cited as a major factor in the fall, coupled with an easing in concern about nearhy supply tightness, which saw the cash price revert to its normal discount to forward positions for the first time in two and a half

Bargain-hunting and some Chinese buying stiffened sentiment in late trading, however, and the three months position ended at \$2,917 a tonne, \$29 off

the day's low.
ALUMINIUM prices also came under heavy pressure, following Tuesday's leap to 4%year highs, which traders said had left the market over-extended and ripe for profit-taking. The three months price dipped to \$1,980 a tonne before rallying to \$1,999, down \$34. Other LME metals followed a

losses being partly recouped late in the day. London Commodity Exchange COFFEE futures Commodity ended mostly lower in choppy dealings that saw prices swing between gains and losses in light volume. The March contract ended \$1 down at \$2,754 a tonne, having swung between a high of \$2,770 and a low of

SUGAR futures prices remained firm in late dealings after the front two months reached contract highs. March futures were trading at \$427.20 a tonne, up \$9.30 on the day. The move higher was backed

by trade buying and a techni-cally bullish New York market, which was trading at four-year highs. "It was a speculative move," one trader said.

COCOA futures reversed early falls following news of a better-than-expected consumption figure from the Netherlands for the fourth quarter. Compiled from Renters

set fresh turnover records

Lower world-wide cotton crops, two frosts and a drought in the coffee-growing regions of Brazil and a revival in demand for industrial met-als helped boost turnover at US commodity exchanges in

Total futures and options trading at New York's Coffee, Sngar and Cocoa Exchange reached a record 12.7m con-tracts in 1994, up 12 per cent from the previous year. Of that total, world sugar futures trading comprised 4.7m contracts, a 10 per cent rise over 1993. Coffee futures and options turnover was a record 3.86m, np from the previous year's 3.4m. The exchange's cocoa futures traded a record

2.4m contracts Volume at the New York Cotton Exchange jumped 36 per cent in 1994, to 4.68m con-tracts, with cotton futures comprising 2.3m of that record volume. The NYCE acquired the New York Fntnres Exchange during the year and the NYFE separately reported

annual volume of 873,359 con-The New York Mercantile Exchange, which merged with the Commodity Exchange in August, reported a combined volume record of 78.7m contracts. Its Nymex energy division saw record turnover of 58.2m contracts, a 6 per cent

increase over 1993.
The Comex division, which benefited from a recovery in world metal markets, reported record 1994 turnover of 20.3m contracts, 8 per cent higher than in 1993. Silver futures enjoyed a 23 per cent volume gain last year at 6m contracts, while copper futures turnover increased 33 per cent, to 2.7m

Mer May Jel Sep Dec Mar Total

BARLEY LCE (2 per tonne)

105.65

98.90

286.3 305.5 250.0

SOYABEAN OIL CET (60,000ths: cents/fb)

At the Chicago Board of Trade, volume in agricultural futures and options was flat compared to an active 1993, with 42m contracts traded.

| US markets | Miners attracted to Cuban 'geological pearl'

Pascal Fletcher reports on efforts to overcome foreign investors' political worries "There will be a lot of flexi- which fell to just over 30,000 also products made with

ptimism, the stock in cor and Anglo-American.
trade of the mineral Gencor has taken its in prospector, is in ample supply among the Canadian miners exploring for commercially viable deposits in Cuba. "Cuba is a geological pearl,"

says one. "Here you can just take a sbovel and find a deposit. . . It's just the way Mother Nature laid it down." The island republic's declsion to open up its mineral resources to foreign exploration and investment has attracted a trail-blazing scram-hle of largely junior mining

companies, most of them Canadians. Under risk exploration contracts signed in the past 18 months, more than a dozen such companies, including Australian, Venezuelan and Panamanian operators, are prospecting for gold. silver, copper, zinc and other metals and minerals.

Their activities have more recently pricked the curiosity of the world's mining glants, many of whom have sent geologists and representatives on discreet fact-finding missions "All of the hig mining com-

panies have been through here," says Mr Antonio de los Reyes, the country's deputy minister for basic Industry. Among mining heavyweights known to have cautiously checked out what Cuba has to offer are RTZ of the UK, which

The growing foreign interest has prompted Cuba to draw up a new mining code, approved by the National Assembly on December 21. The law establisbes the state's right of ownership over the country's claims to be the world's biggest sub-soil, mines and mineral mining company, Australia's resources, and regulates the BHP and South Africa's Gengranting of concessions,

ing Corporation.

bility," Mr de los Reyes says.

Cuba's mining potential had
long been hidden from the
West by the country's 30-year relationship with the Soviet Union, whose geologists helped draw up detailed maps identi-fying known or possible min-

eral deposits. Canadian juniors, like Joutel Resources and Caribgold Mines, have pioneered the exploration of gold and polymetallic targets in Cuba and reported several discoveries.
"It's exciting. So fast, so quick," says Jontel's Chairman, Mr Hugh Harbinson.

ne of the most advanced ventures is the Delita gold project on Cuba's isle of Youth, part of a concession operated by Canada's Miramar Mining Corporation. A feasibility study is being earried out and officials at GeoMinera, the Cuban state company that negotiates explo-ration contracts, hope gold pro-duction could start there in

of last year and, more recently, On a larger scale, Sherritt, the Canadian nickel producer, agreed a deal to link its refiration and development project nery at Fort Saskatchewan to a Cuban processing plant producing nickel/cobalt sulphide at Moa Bay in eastern Cuba. The merger sets np a joint venture company that will sell pure nickel and cobalt on the world

Mr de los Reyes says this project is expected to belp boost Cuha'e nickel output, Cuban nickel to the US hut

tonnes in 1993 from a 1989 high of 46,591 tonnes.

Nickel was once Cuba's second-biggest export earner after sugar, but it has slipped to third place behind tourism. The industry was hit badly hy the collapse of the Soviet Union, which was previously the biggest supplier of techni-cal inputs and also the biggest market for Cuban nickel.

Prospects for recovery have also been hrightened by the more recent announcement of a project with Australia'e Western Mining Corporation to explore and develop a hig nickel/cobalt ore deposit, estimated at more than 200m tonnes of mineral, in eastern Holguin province.

The accord, which exists only as a letter of intent while details are being negotiated, foresees a joint company in which the Australian participation will be 65 per cent and the Cuban share 35 per cent. It also includes plans to build a refinery in Cuba.

Mr de los Reyes says the majority foreign share granted in this case, which exceeds the 49 per cent stake usually conceded to foreign investors in Cuba, is justified by the size of the project, valued at more than \$500m.

Cuban officials acknowledge that many hig companies, espe-cially those with interests in the US, are worried by the which blocks not only sales of

Cuban nickel

fidence

Another potential obstacle is the existence of claims against mineral deposits and plants in Cuba by their previous US owners, such as the Moa Bay Mining Company, who lost the properties when the Cuban government nationalised US interests following the 1959 revolution.

Mr de los Reyes says the US companies never accepted the compensation offers made by Cuba's revolutionary govern ment. He says Cuba was assuring potential foreign investors that the government, and not the foreign partners, would deal with any claims if they arose in practice.

Foreign mining investors see the recent liberalising and decentralising economic reforms in Cuba es encouraging but are still looking for tax concessions, more room for pri-vate enterprise and solid guarantees of long-term conces-

"The best security of tenure is ownership of the mine," says Mr Wessel Pienaar, manager for mining law and property with Anglo-American.

Private ownership is certainly not being offered by-Cuha's draft mining code, which copies most legislation already existing in Latin Amer-

So for the time being foreign firms investing in Cuba will have to live with the fact that their state partner also makes

Foreign finance sought for troubled sugar sector

By Pascal Fletcher in Hayana and Alison Maitland in London

Cuba is negotiating with British and Arah companies to secure financing for its troubled sugar sector and to set up sugar refining joint ven-

Deputy Foreign investment Minister, Mr Octavio Castilla, says that letters of intent have heen signed and adds that negotiations are at an

advanced stage. He believes they will he concluded this

Mr Castilla has declined to name the companies involved, hut the British trade house E.D. &F. Man Sugar is one of those that have been talking to the Cubans,

Mr Chris Murphy, a director of Man Sugar, sald yesterday that talks were at a preliminary stage and nothing had been decided. He said, however, that both financing and joint ventures had been covered and that he expected progress in the next couple of months.

Tate and Lyle declined to comment on whether it was involved in talks, but said: 'Cuba among others, as a major sugar-supplying country, is an area we would be looking

Mr Castilla said Cuba was seeking external financing to guarantee essential harvest inputs - fuel, machinery parts, stable production of crude sugar for refining. fertilisers, herhicides and pesticides – for specific sugar Cuha, traditionally the cane growing areas. Foreign companies would receive either sugar or funds in pay-

ment. The other option was the creation of joint ventures to modernise and operate existing sugar refineries. This variant would also have to address the

problem of inputs to ensure

JOTTER PAD

world's largest exporter of crude sugar, saw its 1993-94 production slump to a historic low of 4m tonnes, around half the output level of five years

Cuhan officials hlame the decline on severe shortages of harvest inputs, previously supplied hy the former Soviet

1757

<u>14:-</u> .

* 19

COMMODITIES PRICES

BASE METALS LONDON METAL EXCHANGE (Prices from Amalgamated Metal Trading)

M ALUMINAUM, 98.7 PURITY (5 per tonne)

- recommendant	at a said in the be	i contract
	Casts	3 miller
Close	1967-8	1995-6
Previous	2012-3	2038-9
High/low	1975/1972	2017/1980
AM Official	1975-8	1997-6
Kerb close		1998-99
Open Int.	245,529	
Total daily turnover		
I ALUMINIUM AL		
Closs	1895-905	1935-45
Previous	1910-5	1950-5
High/low		1850/1840
AM Official	1895-900	1935-40
Kerb close		1940-2
Open int.	2,709	
Total delly turnover	402	
E LEAD (\$ por tone	ne)	
	649-50	666-7
Close	658-6	
Previous	670-0	676-7 672/665
High/low AM Official	647-B	666-7
Kerb close	0-1-0	665-7
Open int.	42,768	V30-1
Total daily turnover		
NICKEL (\$ per to		
Close	e755-65	8910-20
Previous	8955-65	9100-10
High/low	8800	9030/8880
AM Official	6795-800	8955-60
Kerb close		8830-50
Open Int.	58,311	
catel daily turnover	16,304	
E TIN (\$ per tonne)		
Close	5940-60	6040-45
Previous	6070-80	8170-5
figh/low	5970/5960	C140/5840
NY Official	5950-55	6060-70
Kerb close		6055-70
Open int.	21,480	
Total doily turnover		
		Sonnel
E ZEVC, special til		
Close	1122-4	1146-8
Previous	1149.5-50.5	1175.5-8.0
High/low		1101/1140
AM Official	1128-9	1154-5
Kerb close		1152-53
Open Int.	103,370	
lotal delly turnover	18,561	
COPPER, grade	A (\$ per tonne)	
Close	2895-8	2906-7
Previous	3021.5-2.5	3018-0
High/fow	2936	2966/2888
AM Official	2938-7	2945-6
Kerb close		2918-7
Open int.	233, 107	
lotal daily turnover	116,841	
I LIME AM Officie		15
LIME Closing 12		-
		0
Spot: 1,5612 3 mBs: 1.5		
HIGH GRADE C	OPPER (COMEX)	<u> </u>

PRECIOUS METALS III LONDON BUILLION MARKET

S price 375,90-376.30 378,25 375,80 378.80-379.20 374.80-375.20 380.10-380.50 Day's High Loco Lan Mean Gold Lending Rates (Vs USS)

3,625 30 1,281 32 8,761

US cts equiv 471.50 478.30 308.55 311.65 3 months Sporths 488.45 505.15 324.20 £ equiv. 245-248 S price **Gold Coin**

Precious Metals continued GOLD COMEX (100 Troy az; \$/troy az) Sett Bay's High tow int Vol. ... 374.0 -5.6 377.7 377.7 375.3 -5.6 379.9 375.2 82,816 24,219 377.3 -5.6 49.9 4 M PLATENUM NYMEX (50 Troy oz.; \$/troy oz.) 408.6 412.0 416.0

-10.1 -10.1 -10.1 -10.1 -10.1 401.0 464 405.6 19,647 410.0 2,449 414.5 828 422.0 118 PALLADINA NYMEX (100 Troy oz.; \$/troy oz.) 157.55 -3.16 158.25 156.70 8,847 158.80 -3.15 150.25 158.25 838 158.80 -3.15 - 143 160.80 -3.15 - 11 SILVER COMEX (100 Troy oz.; Cents/troy oz.) 12.0 12.7 476.0 461.0 73,341 7 12.9 481.5 466.0 11,127 13.1 486.5 475.0 7,112

ENERGY ■ CRUDE OIL NYMEX (42,000 US galls. \$/barrel) 29,374 14,332 3,618 1,391 765 17.62 +0.13 17.65 +0.13 17,45 13,188

+0.17 16.05 86 368 28 076 33,188 10,675 2 15,012 2,403 6 7,068 500 7,577 365 6 4,771 863 164,442 41,923 16.25 4,771 W HEATING OIL WINEX (42,000 US galls.; c/US galls.)

49.65 48,463 8,389 904 331 394 127 29,525

Charge High Low int -0.75 145.50 144.25 05.27 -0.50 144.95 147.00 30,775 -0.76 150.25 149.00 12.583 -0.25 150.50 149.00 4,820 -0.25 150.50 150.00 2,058 -0.25 151.50 150.25 7,924 MATURAL GAS KYMEX (10,000 mmBtu: SimmBtu) | 1.630 -0.053 | 1.630 | 1.620 | 28,273 | 18,588 | 1.620 | 18,728 | 5,978 | 1.637 | 0.027 | 1.650 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.672 | 1.

W UNLEADED GASOLBIE NYMEX (42,000 US galls.; c/US galls.) 53.30 +0.55 52.55 52.40 19.485 53.05 +0.93 53.20 52.96 10.684 55.70 +0.27 55.75 55.15 10.734 55.05 +0.22 55.20 54.60 5.816 55.10 +0.17 55.10 54.80 1.402 64.56 - 1.201

GRAINS AND OIL SEEDS WHEAT LCE (C per tempe) Sett Bay's price change High Low let Wo 107.85 -0.35 107.90 107.50 687 7 109.15 -0.15 109.00 100.70 -1.728 111.00 -0.25 111.00 110.60 1,878 112.75 -0.25 112.75 112.50 268 97.25 -0.75 98.30 98.30 1,190 98.35 -0.55 98.30 98.30 1,190 98.35 but

■ WHEAT CBT (5,000bu min; cents/60th bushel)

399/6 377/0 347/0 352/0 362/0 370/0

392/4 43,778 1 366/0 8,038 340/0 15,678 345/4 846 357/4 310 369/0 13

12,322 1,040 2,703 22 18

16,106

M, COCOA LCE 15/ho

980 38,805 5,010 962 19,025 2,593 972 7,316 648 983 13,041 738 986 17,741 254 1005 8,466 178 110,505 8,410 ■ COCOA CSCE (10 tonnes: 5/tonnes) 1346 1363 1385 1400 1430 1350 1365 1385 1400 1450 6.738 COCOA (ICCO) (SDR's/tonn

■ COFFEE LCE (\$/tonne +5 2710 +2 2770 -16 2745 -20 2748 -15 2750 -3 2740 2685 615 175 2730 13,996 1,460 2708 6,026 350 2700 2,195 113 2713

- 25.52 29.10 14.901 5.764 +0.15 28.10 27.63 46.468 11,745 +0.25 26.75 26.30 22,175 2.405 +0.28 26.04 25.85 12,902 948 +0.20 25.70 25.30 2,823 160 +0.25 25.40 25.15 3,399 305 113,119 22,371 SOYABEAN MEAL CST (100 tons; \$/ton) +0.7 154.7 153.6 4.244 3.228 - 157.9 156.7 40,379 10,954 - 161.7 160.7 18,183 3.520 -0.4 155.7 164.8 13,897 1,884 -0.4 157.7 164.8 13,897 1,884 -0.4 157.7 168.9 3,773 601 -0.5 168.7 168.9 3,109 1,382 -0.5 168.7 168.9 3,109 1,382 E POTATOES LCE (E/tonne)

Liverpool- No spot or shipment sales wer recorded for the second week in succession Activity was severely restrained and busines was on narrow lines. Cost of raw cotton determed users from lines to the second to the second of the contract to the second of the second o

228/6 +6/2 229/4 227/6117,160 37,373 235/6 - 237/0 236/2 53,637 8,406 241/0 40/2 242/0 240/2 52,155 7,132 245/0 40/2 240/2 244/4 6,314 1,117 249/0 +1/0 248/4 247/6 34,65 3,667 255/4 +0/6 256/2 254/4 3,422 471 286,812 58,361 COFFEE 'C' CSCE (37,500lbs; centa/lbs) +0.25 169,80 165,75 15,016 3,444 +0.10 171,00 167,50 0,723 896 -0.15 171,05 169,50 3,497 310 +0.40 172,75 170,40 2,163 73 +0.25 170,90 170,50 2,776 16 -0.15 262 19 E SOYABEANS COT (5.000bu min: cents/50to bushes +9/6 550/6 547/0 8,290 12,448 +0/6 560/6 557/0 56,133 27,089 +0/4 570/6 566/4 24,214 3,260 +1/0 577/0 573/0 23,479 3,424 +1/2 578/6 577/0 23,177 63 +0/4 561/4 578/4 2,002 624 138,381 48,902 COFFEE (ICO) (US cents/pound) Jan 3 Comp. daily _____ 15 day average No7 PREMIUM RAW SUGAR LCE (cents/lbs) 15.72 +0,15 15.85 +0.28 +0.38 WHITE SUGAR LCE (\$/10/10) 421.60 +5.60 428.00 416.80 13.254 1,323 417.70 +8.80 422.30 416.80 5,530 1,163 399.70 +2.40 402.50 388.00 4,650 725 388.70 +2.10 374.00 387.00 1,883 220 362.50 +1.90 - 128 12 356.50 +6.90 - 229 - 229 - 239 4,341 4,54 | 15.61 +0.22 | 15.83 | 15.49 | 90.895 | 14.296 | 15.61 +0.22 | 16.87 | 15.57 | 36.579 | 4.743 | 16.01 +0.08 | 16.21 | 14.95 | 25.511 | 1,890 | 14.03 +0.14 | 14.25 | 12.97 | 27.516 | 1,876 | 13.23 | 2,867 | 362 | 13.11 +0.01 | 13.25 | 13.10 | 2,118 | 107 | 191.343 | 23,481 | COTTON NYCE (50,000lbs; cents/lbs) 90.25 88.41 32.836 89.55 86.28 14.482 2 07.55 85.17 9.517 1 79.40 77.80 2.454 74.25 73.00 9.205 1 74.80 74.00 119 68.388 8 90.12 +1.77 89.48 +1.52 07.93 +1.77 79.25 +1.55 74.23 +1.18 110.70 +2.35 111.25 106.45 1,070 840 115.10 +3.20 115.35 110.80 15,882 1,320 116.35 +2.85 117.70 114,80 2,407 358 121.50 +2.80 120.00 118.25 1,046 35 124.60 +2.80 124.00 120.0 2,537 14 121.00 -0.80 120.16 120.10 1,805 2

Open interest and Volume dots shown for contracts traded on COMEN, NYMEN, CBT, NYCE, CME, CSCE and IPE Crude Oil are one INDICES REUTERS (Base: 18/9/314100) 2171,6

III CRS Putures (Base: 1967=100)

Dec 30 238,64

MEAT AND LIVESTOCK II LIVE CATTLE CME (40,000lbs; cents/lbs)

65.200 +0.050 65.400 65.125 3.952 940 65.660 +0.175 65.800 65.500 377 46 66.625 +0.275 68.750 65.500 48 23 72,621 17,719 LIVE HOGS CME (40,000lbs; cents/fbs) 38.500 -0.576 40.200 38.275 46.023 -0.375 45.800 44.950 44.660 -0.325 45.000 44.400 42.475 -0.325 42.900 42.400

41.175 -0.575 42.100 40.880 41.600 -0.525 42.450 41.350 42.775 -0.473 43.500 42.350 -0.400 44.400 43.575 42.400 -0.475 43.000 42.350 50.400 -0.675 43.000 42.350 50.400 -0.675 43.000 42.350 LONDON TRADED OPTIONS

Strike price \$ tonne

Jul 165 143 123 94 118 148 108 73 47 111 80 99 121 COCOA LCE

LONDON SPOT MARKETS

Apr

E CRUDE Of POB (per barrel/Feb) Brent Elend (date Brent Elend (Feb) W.T.L (1pm est) \$17.57-7.59u M CIL PRODUCTS NWE prompt delivery CIF (tonne) \$164-169 \$146-168 \$146-147 \$110-112 \$169-162 \$165-167 \$151-153 Ges Oil Heavy Fuel Oil Naphtha OTHER Gold (per troy oz)# Silver (per troy oz)# Platinum (per troy oz.) Palladium (per troy oz.) \$403,75 \$155,25 Copper (US prod.) Lead (US prod.) Tin (Kusia Lumpur) Tin (New York) 141.0c 41.50c -2.0 +0.75 -0.04 -2.0 15.18m 280.5c Cattle (live weight)†
Sheep (live weight)†
Pigs (live weight)
Lon. day sugar (raw)
Lon. day sugar (wte)
Tate 8. Lyle export \$371.1 +6.1 +1.5 +3.0 Barley (Eng. leed) Maize (US No3 Yellow) Wheel (US Dark North) +25 £165.0 Rubber (Feb)(# Rubber (Mar)(# Rubber (M. RSS No1 Jul) 107.00 \$660.0y \$700.0u -25.0 -15.0

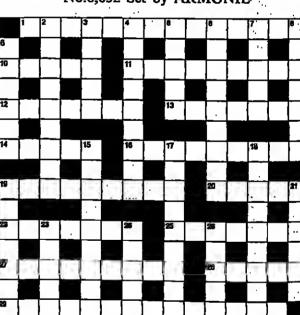
Coconut Oil (Phil)§ Paim Oil (Metay.)§ Copra (Phil)§ Soyabeons (US)

r ringet/kg, m Mateustan centerie, y. Mar Y London Physical, § CIF Rotte close, § Sheep (Live weight prices). Prices are for previous dee.

2173.0

CROSSWORD

No.8,652 Set by ARMONIE



1 Polite disrespect for buman rights (5,9)
10 She's returned from the delicatessen, gateau in hand (5) 11 An iron panel is manufac-

12 She's in the top rank of French game (7)
13 Note English weapon has nothing missing but requires 14 Shoot innards out of game

getting sticky mess (5)

gets in fix (7) 27 Performance that happens in the theatre (9)
28 Traded in wood tar initially

29 A housewife holds these? That's a sensation! (4,3,7) 2 Naivety Connle displayed once having appeared topless

3 is petition a matter for concern? (5) 4 This prospect ends up on Stock of wine got up, for example, for a spree (5) 6 The facility to see above one's head (9)
7 One has write-up on a model that's unsuitable (5) 8 It's important to treat allments without medication initially (7)

9 Coddled creature's to drink up spirit (6) 15 Tramee in hacienda cooked food (9) 17 in recent design by civil engineer one's found backwardness (9)

18 Free from blame once one has

getting sections appear in a salute (9)

19 Having foreknowledge, here, in the Channel Islands (9)

20 It's beside the sea for a stay

(5)

19 The races by this starter (3,4)

21 Eastern official's rank (6)

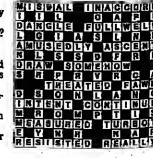
23 Pride oneself on putting sappers behind bars (5)

24 Sought to be heard (5)

25 Looked after missing from

Solution 8.651

tooth? Not any more! (5)



LONDON STOCK EXCHANGE

MARKET REPORT

MAY JANUARY STAN

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Cathon the keep

Mathematica Const. 2

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Confidence melts away towards the close

Passings Bag Another polential of the resistance of claims By Terry Byland, UK Stock Market Editor

Military of the party of the pa design the state of the state o Narvousness over interest rats manufacture with the second prospects, together with a darken-ing scene in Russia, depressed UK Ander Hair in Printer of equities yesterday, leaving share interest population of prices in London vulnerable when Wall Street made an uncertain start Mr de les Reversions to its new trading session. Selling pressure remained modest, how-Company of the state of the sta ever, and the domestic retail stocks Catholic to Continue 2 ... focused hopefully on the trading model lib april marine 1 results due this morning from Boots, the high street store group.

the parameter of the market drifted lower to make the through the largest parameter of the session, and an attempted rally in the afternoon was reversed when the New York market turned when the New York market turned when the New York market turned of business, the Fresh and the lines was 141 down at 3,651.6, effective to the day. the Because the age tively the lowest reading of the day.

The broader-ranging FT-SE Mid 250 Tuesday. But the focus for interest final two hours of trading, when the Index finished at 3,482.1, also showing a fall of 14.1.

Trading volume remained thin, although the day's Seaq total of 424.8m shares traded compared with 372.3m in the previous sesssion. when retail business was worth £751.5m. These figures continued to indicate that equity business has not yet recovered to normal pre-Christmas levels.

Traders warned that, in view of trading in December, equities must remain vulnerable to fresh setbacks unless genuine buying support. recovers soon.

The day started on a steady note. with shares encouraged by a generally favourable reception from the investment press for the domestic money supply data released on

rate prospects remains on the other side of the Atlantic, and international investors express caution ahead of the next meeting of the US Federal Open Market Committee at the end of the month. Another upward move in US interest rates would inevitably put similar pressures on the UK authorities.

The Footsie, down more than nine points at midsession, reduced its loss when Wall Street opened but the generally unimpressive close to ... turned off again as the Dow Industrial Average faltered, to show a fall of just over 2 points in London trading hours. Markets remained unsettled hy the sharp rise last month in the US purchasing management's pricing index to its highest level for

nearly 15 years. The market's confidence, never

stock index futures sector began to crumble. Traders said there was no great pressure on conities but sounded uneasy as the Footsie dropped towards the 3,050 mark. which has been seen as the last bulwark against a fall to the 2,950 area reached in the middle of December.

There was some profit-taking in the utilities as the market reacted to hints that the Trafalgar House bid for Northern Electric would be referred to the UK Monopolies and Mergers Commission today.

However, the retail sector improved as Allied Domecq reported favourably on Christmas sales at its UK spirits divisions. Store shares, poised for news on the all-important Christmas selling seavery sound, melted away in the son - source of the lion's share of

own success - both in share

cost of new business, which

has run way ahead of City esti-

mates and is causing analysts

to take a hard look at earnings

forecasts. At least one top

securities house is set to trim

1994-95 estimates from £405.7m

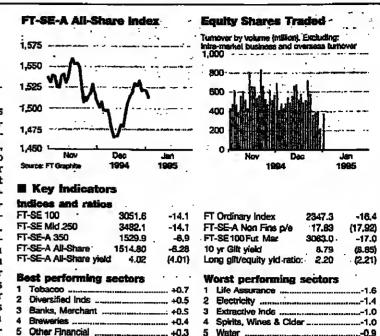
to less than £400m and has

the final months of 1994.

annual profits at the big stores gained ground, albeit cautiously.

The UK stock market appears unsure of itself at present and analysts pointed to the US jobless statistics, due at the end of this week. as the next potential guide to investment sentiment in the near term. Until the outlook for interest rates becomes more clear the market is likely to concentrate on takeover and similar corporate developments believed to be in the pipeline.

The worsening situation in Russia's struggle with the Chechen resistance was also regarded as a causa for general uncertainty for global markets. UK market analysts pointed to the implications for German equity and bond markets should the Chechnya situation bring wider-ranging military problems in Russia.



mental and the first the factor of the facto Wellcome Million of longitude out of in owner-inperting favour

Pharmacauticals group Wellcome fell out of favour yesterday as a number of investors used concern over an impending US advisory meet-

ing as an opportunity to pocket The shares, which have out-performed the broad market by some 5 per cent over the past month, fell 14 to 686p. The US Food and Drug Administration

Stock index futures retreated

uncertainty in Europe and the

growing unease about the lack

of direction in the cash market,

At the close of pit trading

the FT-SE 100 Merch contract

stood at 3,063, down 18 for a

3089.0 3063.0

FT-SE 100 INDEX FUTURES (LIFTE) \$25 per full index point

-17.0

3075.5 16.5 3098.0 3097.0 13.0 3098.0 3098.0

3510.0 3600.0 -12.5 3510.0 3510.0

M EURO STYLE FT-SE 100 MOEX OPTION (LETT) 210 per tuli index point

2875 2825 2975 3025 3075 3125 3175 2225 181 4¹2 134 7 42 15¹2 55¹2 25¹2 31 54 13¹2 85¹2 5¹2 127¹2 174 203 15¹2 182¹2 24¹2 128¹2 38 94¹2 56 67¹2 75¹2 45¹2 165 25¹2 139¹2 18 177¹2 215 29 177 41 148 58 127 74¹2 65¹2 97¹2 83 126¹2 45 155¹2 30 190 239 83¹2 778 121 119 167¹2 79 224

1514.80

2668.02 8723.58

2645.56

1623.66 -964.32 7753.85

1792,83

2728.01 1524.06

2201.81 2006.59 2302.61 2367.47 1569.58

3271.64

1882.90 2112.54 2788.69 1749.37

1471.08

III FT-SE MID 250 INDEX FUTURES (LIFFE) £10 per full index point

III FT-SE 100 INDEX OPTION (LIFFE) (*3055) £10 per full index point

Open Sett price Change

two-day decline of 29 points.

further, hit by interest rate

writes Jeffrey Brown.

Calls 8,150 Puts 3,576

FT-SE 100

FT-SE SmallCap or law Trusts FT-SE-A ALL-SHARE

10 MINERAL EXTRACTION(25) 12 Extractive industries(7) : 15 OR, integrated(3) 18 OR Exploration & Prod(15)

25 Bectronic & Sect Equip(36)

26 Engineering (72) 27 Engineering, Vehicles (13) 28 Paper, Polity & Printing (28) 29 Textiles & Apparel (21)

31 Superior(18)
32 Spirits, Wines & Ciclera(10)
33 Food Producera(20)
34 Household Goods(10)
36 Heigh Care(18)
37 Plainmocaticale(13)

Tobecco(2)

FT-SE Actuaries All-Share

EQUITY FUTURES AND OPTIONS TRADING

(FDA) is to meet next Thursday to consider whether Zovirax, the treatment for herpes, should be sold over the counter without prescription. Many analysts feel that

approval will be given eventually but believe that this time the advisory committee might demand new information. Mr Paul Woodhouse at Smith New Court said there are serious concerns over whether people will be able to diagnose the condition themselves. "I would expect a qualified recommendation rather than a completely clean bill of health," he

Mr Paul Diggle at SGST said analysts, were "poised for an

market was eight points, soma

eight points under fair value.

brightly in spite of a continued

touching a 3,097 peak for the

widening to beyond 25 points.

10253

sion and the premium to

. The day started relatively

low level of activity, March

cash equities at times

Law .

159 18512

117 23912

Jan 4 chgeff Jen S Oec 30 Oec 29 ago yield% yield%

-0.4 1521.06 1521.44 1521.15 1671.92

-0.6 2683.99 2679.29 2684.82 2551.16 -1.0 3762.22 3762.94 3761.92 3814.06

-0.5 2659 21 2652 78 2660 72 2484 02

-0.4 1875.52 1876.63 1872.41 1838.97

-0.2 1827.35 1826.24 1827.22 2020.83 -0.7 971.34 982.23 885.49 1310.08 -0.6 1783.81 1788.16 1773.70 2198.06

-0.5 2288.45 2282.41 2288.99 2298.94 +0.5 1740.11 1738.90 1738.88 2003.57 -0.2 1853.16 1853.57 1647.77 2070.62 -0.3 1798.57 1792.23 1793.08 1816.40

-0.5 2170.23 2176.01 2177.51 2183.82 -0.5 2744.73 2744.26 2737.50 2623.40

-0.1 1525.1S 1511.40 1S12.76 1843.36

+0.2 1467.88 1463.30 1457.15 1672.09

-0.4 2796.37 2796.84 2798.60 2967.78 4.33 +0.4 2796.07 2796.84 2798.60 2967.78 4.35 +1.0 2724.47 2733.48 2719.36 3028.78 4.25 -0.5 2315.03 2312.18 2311.82 2480.72 4.25 -0.3 2378.40 2370.99 2372.39 2907.97 3.75 -0.2 1572.00 1568.38 1560.53 1777.28 3.17 -0.5 2587.03 3290.15 3263.23 9172.95 4.12 +0.7 3843.67 3611.56 3614.47 4538.50 5.88

Dey's Year Div. Earn Jan 4 chgeté Jan S Dec 30 Dec 29 ago yield% yield%

3097.0 3051.0

The premium to the cash

extra couple of hundred million dollars of sales" and would be disappointed by any rejec-

tion from the FDA. **BOC** wanted

Commodity chemicals group BOC received a boost from fundamental news on pricing and from a change of stance at one

leading agency broker. :. The shares rose 4 to 707p as Air Products and Chemicals, of the US, said it would increase priceo for oxygen, nitrogen, hydrogen and helium from Fehruary 1. The news gives BOC room for manoeuvre over its own pricing. BOC shares were helped further aftar

lots. British Steel saw 3,000

and J. Sainsbury ran up 2,085

and 1,300 lots respectively.

4.22 3.63 3.78 4.09 5.12 6.04 6.30 3.51 4.02

3.53 3.26 3.68

4.28 4.02 4.26 4.10 5.36 4.08 3.36 4.63 3.22

3.32 3.76 3.88

7.28 6.18 6.68 7.02 7.52 6.52 6.29 7.08 8.97

S.08 5.24 5.68

8.43

24.88 0.00 23.59 0.00 21.83 0.00

20.17 0.00

5.80 20.81 0.14 6.02 21.83 0.00 6.19 19.49 0.00 4.79 25.93 0.50 6.57 17.57 0.00 6.88 17.27 0.48 6.44 21.58 0.20 1.80 89.007 0.00 5.74 20.25 0.00

7.28 16,96 1.38 8.11 14.88 10.13 7.06 16.39 0.42 7.63 15.56 0.00 7.52 18.01 0.00 3.42 41.14 0.00 9.83 11.00 0.00

7.04 16.96 1.11 12.29 0.86 0.00 5.26 22.21 6.98 5.52 18.90 1.76

James Capel turned huyer of further 9 off the shares at 199p. the stock.

Capel's shift of view was part of a new year review of the sector and reflected marginal underperformance since November. The house also reduced its stance on Croda, which shed 14 to 373p. Finally, it reiterated its positive view on BTP, up 11 at 309p, and Holliday, Brent and Hickson, all steady at 203p, 108p and 124p.

Vodatone again hit

Profit-takers continued to gnaw away at Vodafone, the mobile phones group, pushing the stock to the top of the Footsie activity tables and slicing a

	TRADING	VO	LUN	1E	reset its sights on a share price				
But the mood, which always	■ Major Sto	cics Y			of 185p. The weak sentiment washed				
ooked fragile, swung round	•	0005	price	change	over Securicor, which has a 40				
after lunchtime and the local,	3H	161	33412	المارك	per cent stake in BT's Cellnet				
independent traders started to	- ASDA Groupt	11,000	6742	· 412	unit. The shares lost 8 at 1530p.				
ean heavily on the cash :	Abbay National	1,800	430	412	Channel tunnel operator				
	After Fisher Ailed Domeogf	1,300	47 535	-1					
market. Premiums shrank	Anglian Water	53	900	1	Eurotunnel rose 15 to 312p -				
slamingly and a number of · ·	Argos Group†	2,900	348 263 293 568 270	-6	making a two-day bounce of 10				
resistance points were said to	Arjo WigginsT	1,200	233	-3 -5	per cent - following an upbeat				
have been severely tested.	Assoc, Brit, Foods†	576	558	-1	trading statement. Once again				
The March contract, 3,062 at	Amoc. Brit. Ports	1,700	471	-1 112	the Paris bourse was the driv-				
	BAT Indu.†	6 000	436	43					
ts lowest during pit business,	BET	1,700	104	42	ing force, with 5.6m shares				
wilted further in late, screened	BOCT	1,300	350 707	~~	changing hands there against				
pased trading to 3,054.5.	BP†	4.300	42212	- <u>\$</u>	fewer than 900,000 in London.				
Volume, 8,716 lots at tha	BPB Inde. 877	1,500 6,300 4,300	287	412	Talk of a sizeable switch out				
official close, rose to abova	BTRT	4,300	294 2	121	of P&O looked to have little				
	Bank of Scotland?	2,800	20812	Section Section					
10,000 in the screen session.	Best	1,100	573	47	foundation, although the ship-				
Option volume picked up	Blue Circle†	414	523	-3	ping line came in for heavy				
strongly thanks to some strong	Booker Booker	54B	392 467	-8	selling, with the shares trailing				
position-taking in British Steel	Bowester	740	421	-1	14 at 596p in 1.1m turnover.				
and the major retailers, which	Britan Arresva?	563	361 313 ¹ 2	4	The progress report from Euro-				
receive news of the latest	Britait Gast	7.400	31312	**********					
	British Land	3,300	155	- ī	tunnel brought competition				
umover trends via today's	British Stauff Burnel	1,400	186	-32	concern in the transport sector				
rading statement from Boots.	Burmen Castrol?	967	837	+8	into sharper focus at a time				
Total option volume was	Cathin & Wiret	3,800 4,300	377	+7/2	when P&O is facing the possi-				
11,934; up from 18,756 on	Cactury Schweppest	1.500	377 431 256 891		bility of ferry recalls.				
uesday. Calls outnumbered	Caration Comms.†	1,000	256	25.5					
outs by almost two-to-one,	Coats Wyells	1,700	193	-3					
	Comm. Union†	554	1923 488 227	-7 -1					
while FT-SE and Euro FT-SE	Courtenacest	759 566	449	-12					
urnover accounted for 14,600	Delgery	141	420	-12 -4 -1					
ots. British Steel saw 3,000	De La Ruet Onore	2 000	934 187		LIFFE EQUITY OPTION				
ots dealt. Marks and Spencer	Exiterit Elect,†	797	777	-18					
ind J. Sainsbury ran up 2,085	Erest Michaeld Bect.	424	834 474	-12	Colls Puls				
	Eng Chas Clays	376	385	+1	Option Jaco Apr Jud Jan Apr Jul				
and 1,300 lots respectively.	Erserprise Ort	7.22	385	-2					
	Eurocunnel Units	722 893 106	312	•15 -1	Alled Dounce 500 37% 51 59% - 6% 11% (*535.) 550 3 21 30 16% 25% 32				
The UK Series	Feoret	1,600	108	-2	(*535.) 550 3 21 30 18½ 25¼ 33 Argel 280 7 17½ 28 4½ 9 18				
	Foreign & Cot. LT.	2,300	135	-7	("262) 280 1 81/ 137/ 15 201/ 29				
Oiv. Earn. P/E Xd adj. Total	Gen. Accident	277	503 503 573 687 333	3.55	ASDA 50 8 0 11 - 1% 3				
feld% yield% ratio ytd Return	General Block!	2,000	273	-JZ	(157) 70 116 3h 516 4 5 7h				
4.22 7.28 16.22 0.54 1185.30	Garat Gymrad	2,300	333	-1					
3.63 6.15 19.35 2.36 1312.83	Granadat	817	500	+1	But Almanya 360 81/ 3/1/ 321/ 8 161/ 25				

10,000 in the screen session. strongly thanks to some strong position-taking in British Steel and the major retailers, which trading statement from Boots. turnover accounted for 14,600 lots dealt. Marks and Soencer 16.22 0.54 1185.30 19.35 2.36 1312.83 16.02 2.34 1312.30 16.83 0.45 1195.64 15.88 0.36 997.47 17.95 0.53 963.20 19.48 0.34 1366.02 17.54 0.33 1348.47 2,500 1,700 1092.51 614.33 1033.58 1057.10 872.58 15,96 1.36 .959.51 14,88 10.13 1007.88 10.39 0.42 912.02 15,56 0.00 079.68 16,01 0.00 957.68 41,14 0.00 916.62 17,63 0.00 1049.50 912.02 079.68 857.68 916.62 1049.50 837.12 933.80 857.36 1051.05 969.88 1055.73 856.1S 900.96 Ranks Ora † Rector & Comment Rector & Comment Rector & Comment Rector & Comment Rector & Rector Rect

Gold Mines Index (34)

Regional Indices

Alrica (16) Australesia (7) North America (11)

FT GOLD MINES INDEX

Jan % eng Dec 9ec Year Gross 65v 52 week 3 en day 30 25 ago yield % iligh Low

1926.54 -2.5 1975.79 1983.51 2248.01

North America (11)

Topografit, The Finencial Times Limited 1994.

Figures in bacicate show number of companies. Basis US Dollars. Basis Values: 1000 00

Predocessor Gold Mines Index Jan 4 235.5; day's change: -7.9 points; Year ago: 275.9 †

2.27

2367.40 1782.02

SEAO bargains Equity turnover (Cm)† Equity bargains† Shares traded (mi)†

NEW HIGHS AND a two-day decline of 13. Turnover yesterday was 13m.

LOWS FOR 1994/95 Having nutperformed the NEW HIGHS (24).
BREWERER (1) Wetherspoon (JD),
DISTRIBUTIONS (3) African Lakes, Faber Prost,
Harris (P), ELECTRICITY (1) Marriseb,
ELECTRICIT & ELECT EGISP (3) Acal, Fasty,
Tolance ENGINEERING TOLANGE, Fasty,
Tolance ENGINEERING TOLANGE, Fasty,
Tolance ENGINEERING TOLANGE, Fasty,
Tolance ENGINEERING TOLANGE, Fasty,
Tolance ENGINEERING, TOLANGE, TOL market by 18 per cent last year and by 7 per cent over the past three months, analysts see Vodasone as the victim of its Telepec, EMGERERING (S) Dockle (S), Hadleigh, Renold, EXTRACTIVE INDS (1) Reunion, INVESTMENT TRUSTS (1) LEIBURG & HOTELS (1) Games Worldhop, MEDIA (1) Doring Knalensey, PAPIER, PACKO & PRINTS (1) Store price terms and in the rapid build-up of new subscribers in S. PROPERTY (1) Dunice House, RETAIN FOOD (1) Greggs, RETAILERS, GENERA Style, SUPPORT SERVS (2) MITE, MAIT, For the moment the market is focusing on the high initial

TEXTILES & APPAREL (1) Wenturn, WATER (1) South States, AMERICANS (1) Amelani. South State, AMERICANS (1) Amdahi.
HEW LOWS (89.
GELTS (7) BREWERIES (1) Mortand, BUILDING
& CHSTRIN (5) AMEC B.Dp Pri., Benner Homes
Rysur, Wastinster Schildeling, Wirpey (G),
BLDG MATLS & MCHTS (3) Brack: Wiss,
Market, Brack CHSTRIN (4) 878 Construction Marley, Ramus, CHEMICALS (2) Carne Wrts., DISTRIBUTORS (1) Gardiner,

Whis., DISTREUTORS (1) Gardiner, DIVERSITIED HUDE (1) Harthora & Crosheld, ELECTRICA & ELECT ECILIP (2) Gr Gt hordic, Verby, EHGRINES (2) APV, Mohra, ENG, VEHIGLES (1) Avon Rubber, ENTRACTIVE RUBS (2) Gold Mines Australia, Minmet, Nagari, Sarmin, Walhalle, FOOD PRODUCERS (1) Polipherd (CP), HEALTH CARE (1) American International, HOUSEHOLD GOODE (2) Arrying, Joyee, RIVESTMENT TRUSTS (26) RYVESTMENT COMPANIES (5) LIFE ASSURANCE (1) Transidants, OIL. ASSURANCE (1) Trun ECPLORATION & PROD (1) Yanguard, OTHER FINANCIAL (3) First Natl. Fin. 7pc Prt., Secure Trust, Tyncial Australia, OTHER SERVS & BUSHS (1) Leigh Interests, PAPER, PACKG &

T, TRANSPORT (2) LODGE & Overses Freghters, Vird AS, SOUTH AFRICANS (1) 8ASCL

The Royal Academy of Engineering is due to unveil a report on safety standards tomorrow calling for structural modifications to roll-on, roll-off Selective stocks in the retail sector moved against the poor market trend, boosted by the

prospects of positive state-ments on pre-Christmas trade.

one of the biggest in the stores sector, opens the season of progress reports with today's trading npdate.

Opinion about what the company's statement will reveal was divided, leading to a two-way pull in the chares. They ended unchanged at 497p, with one cautious analyst say ing he expected sales growth of no more than 3 per cent.

Dealers suggested more positive prospects among the other retailers. Marks and Spencer added 3 at 399p, with the stock also having been active in the traded options sector where the equivalent of around 2m shares were dealt. Kingfisher was also in demand and the shares firmed 4 to 441p.

Strong profit-taking dominated activity in the regional electricity companies sector as speculation that the unwelcome bid for Northern Electric from Trafalgar House would be referred for investigation to the UK Monopolies and Mergers Commission

Shares in Northern relinquished 6 at 997p, while those of hidder Trafalgar House

eased a penny to 75p.

In the rest of the sector, Eastern gave up 18 to 777p. Southern tumbled 21 to 799p, and both Seeboard and London retreated 18 to close at 463p and 739p respectively. Rumours that Manweb was considering a bid for one of the Welsh utilities continued to circulate and the group's shares eased 7 to 872p. Talk. Jeffrey Brown. also continued to suggest that"

Yorkshire would soon be on ..

High street retailer Boots. the receiving end of a bid from Hanson. However, profit-taking left shares in the electricity distributor 11 lighter at 738p.

Shares in Cadbury Schwep pes, mentioned as a possible hid target earlier this week, declined 5% to 431p.

Spirits group Allied Domeco hrushed aside recent worries about Mexico's currency devaluation, where the company derives around 5 per cent of trading profits. The shares recovered from an early retreat to end just a penny off at 535p after the company reported improved pre Christmas drinks

Diversified industrials, one of the slowest performing sectors in recent months, came in for a bit of a push with combined turnover in Hanson and BTR comfortably topping 14m. Lonrho saw 5m trades with the shares improving 21/4 to 154p on the back of an up-dated buy note from James Capel.

The international trading group puts nut preliminary results later this month. Hopes are rising in the City for some sort of near term directional steer from the new management team following last November's resignation of joint chief executive Tiny Rowland.

Insurance and tobacco conglomerate BAT Industries gained 3 to 439p as S.G. Warburg turned buyer of the stock.

MARKET REPORTERS: Peter John, Joel Kloaze

Other statistics, Page 15

Falls

619

339 42

1519

April 6

bN0.1 3.2 3.7 10.4

Closing +or-price

11pm 4pm 2pm 53pm 53pm 12pm 4pm 4pm 9pm

4.61 6.75

38.010

Open 9.00 19.00 11.00 12.00 13.00 14.00 15.00 16.00 High

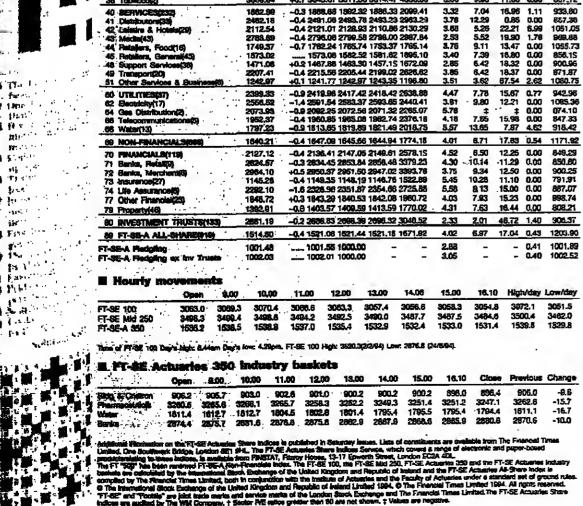
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Jan 4 Jan 3 Dec 30 Dec 29 Dec 28 Yr ago

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EXTRACTIVE INDUSTRIES

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- 19 GUIDE TO LONDON SHARE SERVICE **PACKAGING & PRINTING** ### PART | PART 189.495 | Mai | 189.495 | Mai | 189.495 | Mai | 189.315.4 | 189.315.4 | 189.315.4 | 189.315.4 | 189.315.5 | 189.315.4 | 189.315.5 | 189.315.5 | 189.315.5 | 189.315.5 | 189.315.5 | 189.315.5 | 189.315.5 | 189.315.5 | 189.315.5 | 189.315.5 | 189.315.5 | 189.315.5 | 189.315.5 | 189.315.5 | 189.315.5 | 189.315.5 | 189.315.5 | 189.315.5 | 189.315.5 | 189.315.5 | 189.315.5 | 189.315.5 | 189.315.5 | 189.315.5 | 189.315.5 | 189.315.5 | 189.315.5 | 189.315.5 | 189.315.5 | 189.315.5 | 189.315.5 | 189.315.5 | 189.315.5 | 189.315.5 | 189.315.5 | 189.315.5 | 189.315.5 | 189.315.5 | 189.315.5 | 189.315.5 | 189.315.5 | 189.315.5 | 189.315.5 | 189.315.5 | 189.315.5 | 189.315.5 | 189.315.5 | 189.315.5 | 189.315.5 | 189.315.5 | 189.315.5 | 189.315.5 | 189.315.5 | 189.315.5 | 189.315.5 | 189.315.5 | 189.315.5 | 189.315.5 | 189.315.5 | 189.315.5 | 189.315.5 | 189.315.5 | 189.315.5 | 189.315.5 | 189.315.5 | 189.315.5 | 189.315.5 | 189.315.5 | 189.315.5 | 189.315.5 | 189.315.5 | 189.315.5 | 189.315.5 | 189.315.5 | 189.315.5 | 189.315.5 | 189.315.5 | 189.315.5 | 189.315.5 | 189.315.5 | 189.315.5 | 189.315.5 | 189.315.5 | 189.315.5 | 189.315.5 | 189.315.5 | 189.315.5 | 189.315.5 | 189.315.5 | 189.315.5 | 189.315.5 | 189.315.5 | 189.315.5 | 189.315.5 | 189.315.5 | 189.315.5 | 189.315.5 | 189.315.5 | 189.315.5 | 189.315.5 | 189.315.5 | 189.315.5 | 189.315.5 | 189.315.5 | 189.315.5 | 189.315.5 | 189.315.5 | 189.315.5 | 189.315.5 | 189.315.5 | 189.315.5 | 189.315.5 | 189.315.5 | 189.315.5 | 189.315.5 | 189.315.5 | 189.315.5 | 189.315.5 | 189.315.5 | 189.315.5 | 189.315.5 | 189.315.5 | 189.315.5 | 189.315.5 | 189.315.5 | 189.315.5 | 189.315.5 | 189.315.5 | 189.315.5 | 189.315.5 | 189.315.5 | 189.315.5 | 189.315.5 | 189.315.5 | 189.315.5 | 189.315.5 | 189.315.5 | 189.315.5 | 189.315.5 | 189.315.5 | 189.315.5 | 189.315.5 | 189.315.5 | 189.315.5 | 189.315.5 | 189.315.5 | 189.315.5 | 189.315.5 | 189.315.5 | 189.315.5 | 189.315.5 | 189.315.5 | 189.315.5 | 189.315.5 | 189.315.5 | 189.315.5 | 189.315.5 | 189.315.5 | 189.315.5 | 189.315.5 | 189.31 1CALS

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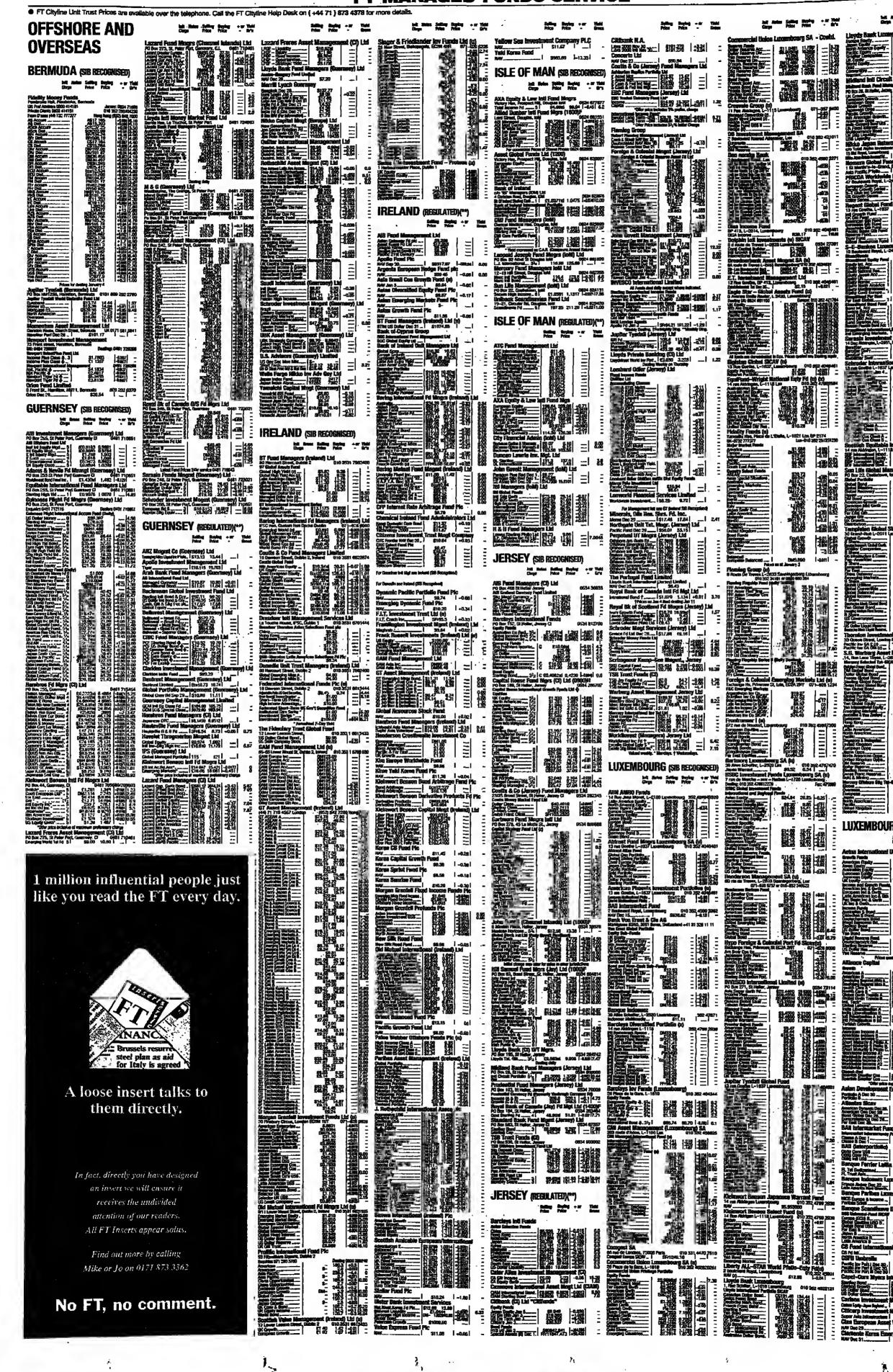
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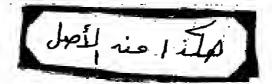
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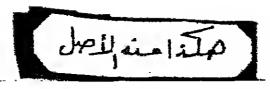
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CURRENCIES AND MONEY

MARKETS REPORT

Dollar clings to overnight surge

The dollar hovered above the Y101 level yesterday for the first time in four months after vaulting upwards late Tuesday night in Far East trading,

writes Motoko Rich. Favourable economic data, increasing speculation of a forthcoming US interest rate rise and unstable conditions in Mexico helped to buoy dollar

Markets seemed decidedly unimpressed by the interna-tional finance package agreed

During the day, the 24- and 48-hour contracts of the new Mexican peso fell 25 centavos to 5.50-5.65 pesos against the dollar and the same-day new peso was down 20 centavos. In London, the peso finished at 5.575 pesos to the dollar, down from Tuesday's close of 5.325

pesos.

The Bank of Spain's interest rate hike, which boosted the repurchase rate from 7.35 per cent to 8.00 per cent, failed to

give the peseta any real ther gains by talks of dollar strength. It traded in a very sales from a European central tight range and closed in London at Pta85.01 against the D-Mark, from Tuesday's close

■ The US currency made most of its gains before the opening of European markets. Tuesday's strong figures from the US National Association of Purchasing Management's index and a bullish semi-an-nual report from the US Trea-sury on foreign exchange operations helped catapault the dollar above Y101, a level it has not breached since August

The dollar also rose as high as DM1.5620 against the D-Mark after the close of European trading, but was restrained from making fur-

Pour	d in New York	
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E spot	1.561.5	1,5635
1 (0)	1.5613	1.5633
3 mth	1,5612	1.5632

bank and a major corporate. In London, the dollar closed at Y101.315 against the yen, up from Y100.34. Against the D-Mark, it finished at DM1.559,

up from DM1.5539. Mr Michael Burke, economist at Citibank, said: "At last we may be seeing signs of capital outflows from Japan. With US interest rates rising higher, the dollar starts to look more attractive to Japanese inves-

He added it was possible the US Federal Reserve Board would raise rates after the Markets Committee at the end of the month.

Mr Avinash Persaud, foreign exchange strategist at JP Morgan, said the dollar had benefitted from the peso devaluation in Mexico. "It has chastened risk-takers in the foreign exchange markets, and the key investors in emerging markets have been dollar

Actainst the yen (Y per S)

investors so any fall in the appetite for risk would tend to be dollar supportive," he said. He said the peso had fallen further because "the market is still very doubtful about the package which has been put

together."
Mr Persaud added: "What will be interesting is to what extent investors withdraw from other markets close to

Mexico. There is a risk of contagion if people start to fear risks in other emerging mar-

The Bank of Spain's interest rate hike was largely discounted by the markets already. By the close of London, the peseta had fallen, taking no comfort from the rate hike, thought the central bank said it was motivated in part by the peseta's recent weak-

Mr Ken Wattret, interna-tional economist at HSBC Greenwell, said: "It takes more than a hike in official interest rates to turn around the for-tunes of the currency. It will not fundamentally alter the way that currency is perform-ing because of the political out-look and the economic funda-

The D-Mark rallied gently from early lows, though no sig-nificant movement occured. Against the French franc, it closed at FFr3.449, from FFr3.448, against the lira it finished at L1044 from L1043 and agasint the Swiss franc at SFr0.843 from SFr0.845.

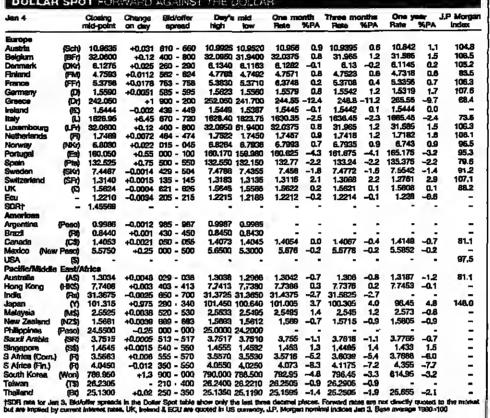
Analysts said investors would look to today's meeting of the Bundesbank council for further hints on the currency.

M Sterling firmed against the D-Mark on the back of the dollar's strength in London, it closed at DM2.4357 against the D-Mark, from DM2.4284. Against the US currency, it fin-ished at \$1.5624 from \$1.5628. The March short sterling

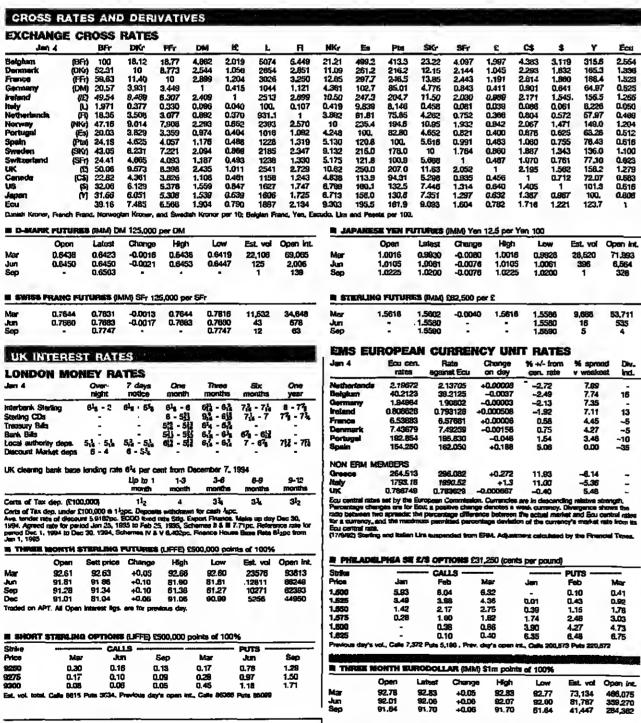
contract traded 23,500 volumes to finish at 92.63 from 92.58. The Bank of England cleared a shortage of £1450m in its daily

Jan 4	£	S
Hungary	178,236 - 176,449	112,820 - 112,920
lan	2731.00 2734.00	1745.00 - 1750.00
Kuwait	0.4882 - 0.4686	0.2297 - 0.3000
Polenc	3.8284 - 3.8307	24495 - 24515
Purple	5657.50 - 5662.10	3621.00 - 3624.00
UAE.	5.7363 - 5.7390	3.6722 - 3.6727

POUND	SPO	T FORV	VARD A	CANAST	THEP	OUND.				===			
Jan 4		Closing mid-point	Change on day	Bic/offer spread	Duy's high	Mid low	One mo	onth %PA	Three m	onths %PA	One y	%PA	Benk e Eng. Ind
Europe				_									
Austria.	(Sch)	17.1289	+0.0441	222 - 355	17.1499	17.1171	17.1151	1.0	17.0745	1.3		-	118
Balgium	(BFr)	50.0990	+0.1747	497 - 282	50.1310	49.9290	50.049	1.0	49.934	1.2	49,294	1.6	117
Denmark	(DKI)	9.5733	+0.0366	694 - 772	9,5777	9.5494	9.5751	-0.2	9.5679	0.2	8.5432	0.3	116
Finland	(FM)	7.4357	+0.0156	297 - 417	7.4590	7,4120	-	-	-	-		-	89
France	(FFr)	6.3985	+0.0257	968 - 002	8.4006	8.3745	8.3962	0.3	6,3897	0.4	8.3276	0.8	110
Germany	(DM)	2,4357	+0.0073	345 - 369	2.4384	2,4314	2,4337	1.0	2,4278	1.3	2.3908	1.8	125
Greece	(Dr)	378.187	+1.488	872 - 462	393.198	376,689		-		-	-		
reland	`C21		+0.001	111 - 121	1.0136	1.0106	1.0114	0.2	1.0118	0.0	1,0109	0.1	105
italy	'n.	2541.87	+9.49	107 - 266	2542.92	2533.92	2548.62	-2.2	2558.27	-23	2599.27	-2.3	7
pruodmeuru	0.Fr	50,0890	+0.1747	497 - 282	60,1310	49,9200	50.049	1.0	49.934		49.294	1.6	117
Netherlands	(PI)	2.7293	+0.0106	261 - 305	2.7322	2,7252	2,7271	1.0	2,7209		2,8817	1.7	121
Norway	Niki	10.6287	+0.0317	248 - 327	10.6458	10,6038	10.628	0.1	10.627	0.1	10.6187	0.1	BE
Portugal	(Es)	250.054	+0.795	936 - 172	250.163	249,380	250.874	-3.9	252,349	-3.7	-		
Spain	(Pta)		+1.12	878 - 123	207.200	206.111	207,408	-2.1	208.161	-2.1	211.281	-20	84
Sweden	(SKI)	11.6343	-0.0052		11,6717	11.6037	11.6513	-1.8	11,6798		11,7903	-1.3	76
Switzerland	(SFr)	2.0529	+0.0016	616 - 540	2.0571	2.0501	2.0491	2.2	2.0413	2.3	1,9917	3.0	121
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Americas													
Argentina.	(Peso)	1.5602	-0.0022	566 - 606	1.5845	1.5562	-		_	-			
Brazil	(F8)		+0.0013	169 - 204	1.3214	1.3169	-	-				_	
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	Peso)	8,7102	+0.3885	916 - 287	6.8300	8.2601			~				•
ISA	(\$)	1.5624	-0.0004	621 - 626	1.5645	1.5595	1.5622	0.2	1.5821	0.1	1.5608	0.1	63
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lapan	'n	158,290	+1.484	225 - 354		157.270	157,79	3.8	156,685	4.1	160.54	4.9	186
Violaysia	(MS)	3.9879	+0.0049	865 - 893	3,9897	3.9747	10/11/	-	.40,000		10000		IGC
New Zealand	(NZS)	2,4500	+0.0065	477 - 523	2.4552	2.4347	2.4558	-2.8	2,4667	-27	2.5012	-2.1	
hiliopinea	(Peso)	38.3558	-0.4005	716 - 400	38.5800		2.7500		~~4001		20012		
Soud Arabia	(SR)	5.8612	-0.0007	509 824	5.8877	5.8468		- :		- :	_ :	- :	
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Switzerle week e		3½ 3%	4	44	41/2	41	6.625 3.5	
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III \$ LUBO	R FT Lor	10011	58	61/2	7	72	- .	
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Belgian Fr	enc 4	월 - 4년	6% - 4		- 5 ₀	5% - 5%	5 - 5 2	. 24 - 64
Danish Kr	ona (4 - 5	552 - 5		- 5 ¹ 2	64 - 53 54 - 54	6 ¹ 2 - 6 ¹ 4 5 <u>1</u> 4 - 5 <u>2</u> 4	74 - 64 54 - 51
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	-			and Mar	-	two days' r	notice.	
THE	K SEONTH	PEBOR	reren	ES (MA	TIF) Paris	STORES IN	CHAPTER 1885	
	Open	Sett	orice C	hange	High	LOW	Est voi	Open Int.
Mar	93.31	93.		•0.14	93.39	93,30		48,503 50,142
Jun	92.93 92.68	92.		+0.10 +0.07	92.88	92,57		29,815
Sep Dec	92.48	92		+0.04	92.52	92,41		18.988
						of 100		
THIRD				_		ints of 100		Oran ba
	Open	Sett		hange	High	92.82	Est. voi 217	Open Int. 1656
Mar Jun	92.82	92.8 92.1		+0.07 +0.16	92.83	82.02	0	443
Sep		91.7		-0.12			0	177
Dec		91.5		•0.11			0	0
и тики	E RECORTE	MIRON	LARK F	LTURE:	s (LIFTE)	DM1mp	oknts of 1009	6
				hange	High	Low	Est. vol	Open int.
Man.	Open 94.44	Sett p		+0.03 -0.03	94.49	84.44	42722	205883
Mar Jun	94.44	94.4		10.02	94.09	94.03	30648	141350
Sep	93.65	93.6	и.	+0.01	93.89	93.63	13156	86078
Dec	93.30	93.2		-0.01	99.31	93.24	9441	83544
THE SEC	HENOM	EUROL	RA WI	RATE			L1000m pok	ns of 100%
	Open	Sett p	rice C	hange	High	Low	Est. vol	Open int.
				-0.10	90.24	90.04	9911	32489
Mar	90.04	90.0		-0.08	89.67	89.56	2789	20023
Jun	89.67	89.5				60.00	1252	21056
Jun Sep	89.67 89.34	89.5 89.3	0 4	0.05	89.40 89.20	69.29 89.06	1253 560	21956 15252
Jun Sep Dec	89.67 89.34 89,20	89.5 89.3 89.0	0 4	-0.05 -0.03	89.40 89.20	69.29 89.06	1253 560 Sifrim points	15252
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Jun Sep Dec	89.67 89.34 89,20	89.5 89.3 89.0	O 4 B 4 SWIES F II 4	0.05 +0.03 *RANC hunge -0.04	89.40 89.20	69.29 89.06 86 (LIFFE) Low 95.50 95.20	SF(1m points Est, voi 6171 2217	15252 of 10096 Open int, 18730 7375
Jun Sep Dec In THIRE Mar Jun Sep	89.67 89.34 89.20 MONTH Open 95.57 95.24 85.01	89.5 89.0 89.0 80trp 96.5 96.2 94.9	o de la companya de l	0.05 0.03 TRANC ! hange -0.04	89.40 89.20 FUTURN High 95.58 85.25 96.01	69.29 88.06 85 (LIFFE) Low 95.50 95.20 94.82	SFr1m points Est, vol 6171 2217 1626	15252 of 10096 Open Int. 18730 7375 4194
Jun Sep Dec III THINE Mar Jun Sep Dec	89.67 89.34 89.20 MONTH Open 95.57 95.24 85.01 84.80	89.5 89.0 89.0 80.0 5ett p 96.5 96.2 94.9	SWISS F	0.05 RANC hange -0.04 -0.08 -0.06	89.40 86.20 FUTURN High 95.58 95.25 96.01 94.83	69.29 88.06 88 (LIFFE) Low 96.50 95.20 94.82 94,73	SFr1m points Est, vol 6171 2217 1626 583	15252 of 10096 Open int, 18730 7375
Jun Sep Dec In THIRE Mar Jun Sep	89.67 89.34 89.20 MONTH Open 95.57 95.24 85.01 84.80	89.5 89.0 89.0 80.0 5ett p 96.5 96.2 94.9	SWISS F	0.05 RANC hange -0.04 -0.08 -0.06	89.40 86.20 FUTURN High 95.58 95.25 96.01 94.83	69.29 88.06 88 (LIFFE) Low 96.50 95.20 94.82 94,73	SFrim points Est, vol 6171 2217 1626 583	15252 of 10096 Open Int. 18730 7375 4194 1801
Jun Sep Dec III THINE Mar Jun Sep Dec	89.67 89.34 89.20 MONTH Open 95.57 95.24 85.01 84.80	89.5 89.0 89.0 80.0 5ett p 96.5 96.2 94.9	B HICE C	0.05 PRANC PRANC hunge 0.04 0.08 0.06 (LIFTE)	89.40 89.20 FUTURN High 95.58 95.25 96.01 94.83 Eculm F	69.29 88.06 88 (LIFFE) Low 95.50 95.20 94.73 solints of 1 Low	SFrim points Est, vol 6171 2217 1626 583 00%	15252 s of 10096 Open int, 18730 7375 4194 1801 Open int.
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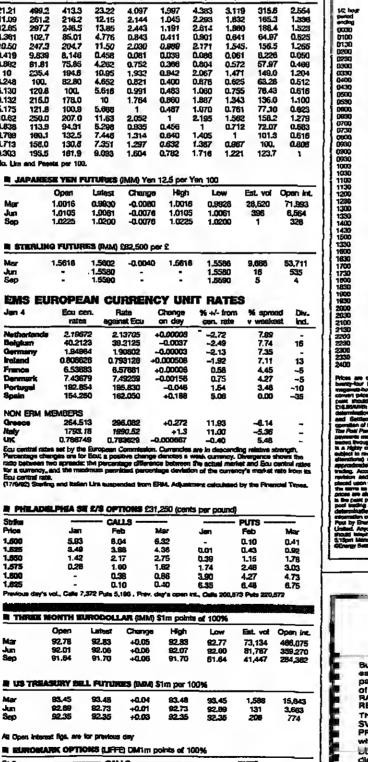
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BASE LENDING RATES



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GLOBAL FUND
Registered Office:
Luxusubourg, 13 rus Goethe
R.C. Luxusubourg B 34 573 DIVIDEND NOTICE At a meeting of the Board of directors held on 30 December 1994 it was resolved to pay a dividual of 50.02 per share to shareholders of the High Yield Portfolio on record on 30 December 1994 with an ex-dividend dute of 51 December 1994 and a payment date of 6 January 1995.

> **UNBEATABLE** INSTANT INVESTORS CHRONICLE THE CITY INSIDE OUT

REPUBLIC OF BULGARIA MINISTRY OF TRANSPORT STATE-OWNED COMPANY **BULGARIAN STATE RAILWAYS**

Bulgarien State Railways (80Z) have initiated steps for establishment of a Company with local and foreign participation on a competitive base, the scope of activity of which would be MANUFACTURING & TRADE OF RAILWAY CONCRETE SLEEPERB AND OTHER REINFORCED CONCRETE PRODUCTS. The Company will be established by BDZ through their SVISHTOV REINFORCED CONCRETE STRUCTURES & PRODUCTS WORKS, an unit directly setting its accounts with the BDZ Head Office.

distribution of shares with cities riceal and fereign participants, and for this purpose.

NVITE THE COMPANIES INTERESTED TO PRESENT OFFERS TO BOZ BDZ will provide their REQUIREMENTS to the Companies interested and would preferably discuss offers received before March 1st 1985. For assessment of the existing assets, access to the Svishtov Werks will be provided.

Mr. Kirli Enev, Deputy Director General 3, Ivan Vazov str., 1080 Sofia Bulgaria Tel: (00359) 2 87 90 93, 843 4912 Fax: (00359) 2 877 151 Telex: 22 423, 22 936

CALL FOR TENDERS FOR THE PURCHASE OF THE GROUPS OF ASSETS OF "HYMOFIX RELLAS S.A.", OF ATHENS, GREECE

sssowaces a call far teaders

for the purchase of any or all of the groups of assets mentioned below, each one of which is being sold as a single emity.

The Company was established in 1958, On 7.11.94 it was placed under special liquidation according to the provisions of article 46a of Law 1892/1990. Its objectives included the processing of first and vegetables and, in perticular, the production of fruit juice, tomato paste, tomato juice, compotes, timed vegetables and whole inmeters and fruit purce.

GROUPS OF ASSETS OFFERED FOR SALE.

GROUPS OF ASSETS OFFERED FOR SALE

1. A factory, standing on a plot of 30,750 agan, located in Fella, Gianniana, together with the mechinery and mechanical equipment, contained in it. The Company's trade name is also included in this group of assets. This in convently rested by a third perty. (Ist Auction).

2. A factory, standing on a plot of 8,350 agan, located in Tyruswos, together with the machinery and mechanical equipment contained in it. (2nd Auction)

3. A plot of land equal to 2,075 agan, located in Thessaloniki, together with the buildings standing on it (formerly a factory). (3rd Auction)

4. Other Assets (4th Auction);

5. A activity of the first grant of the standard of the control of the factory.

standing on it (formerly a factory). (3rd Auction)

4. Other Assetu (4th Auction);

a. Agricultural plots of land covering an area of 324 sq.m. in Xerokabos.

b. Agricultural plots of land covering an area of 212-315 sq.m. in Lebens, N. Elfas.

c. Agricultural plots of land covering an area of 241-1 sq.m. in Sevalla, N. Elfas.

It should be noted that the plots of land in Sevalla N. Elfas coses from land reclassifution in the area. Although these are correctly mentioned as belonging to "HYMOFIX HELLAS" SA on the registry books of the Land Registry Office, they appear to be owned by "KAROLOS FIX" S.A. in the relevant redistribution/concessionary document, due to a electical error. The Liquidator is taking measures in lawe this amended. The above agricultural plots of land are currently leased to bird vertices.

OFFERING MEMORANDUM - FURTEUR INFORMATION: Interested parties may obtain the Offering Memoranda in respect of the Company and its asse upon signing a confidentialisy agreement.

TERMS AND CONDITIONS OF THE AUCTIONS

such provisions and other terms and cougliforms.

2. Binding Offices: Inserupted parties are hereby invited in submit binding offices, not later than the 30th juneary 1995 or 12,000 knows to the Athena Notary Public Mr. Evangelos Dracopoulos, at 19, Voskourcestion Str. 106 71 Athena, ml. +30-1-361.57.32, face +30-1-362.11.11...

In order to bid for more than one group of speets, one should submit additional superate offices, offices about expressly stree the offered prices and the destinct proposed around interest rate it any). In the event of not specifying a) the way of payment (in each or instalments, mentioning the number of instalments, the dates thereof and the proposed around interest rate it any). In the event of not specifying a) the way of payments, b) whether the instalments bear insected and c) the interest that it any the offices price is payable in each, b) the instalments shall be are no interest and c) the interest rate shall be the legal rate in force. Binding offers submitted later than the above date shall another be accepted at considered. The offices shall be binding until the adjudication. Submission of offers in favour of which parties to be appointed at a later stage shall be accepted under the condition that express mention in made in this respect upon submission and that the officers or shall give a personal guarantee in favour of such third party.

guarantees in twour of such third perty.

3. Letters of Guarantee: Einding officts must be accompanied by a Letter of Guarantee; issued, in accordance with the draft Letter of Guarantee contained in the Officting Memorandem, by a bank legally operating in Greece, to remain valid until the adjudication. The amounts of the Letters of Guarantee ones to as follows: (a) for the factory in Tyranvee (Table, Glarantee) DRS. FORTY MILLION (2000.000), (c) for the factory in Tyranvee (2nd Auction) DRS. TWENTY MILLION (2000.0000), and (d) for the other amount (4th Auction) DRS. TWENTY MILLION (2000.000). Letters of Guarantee shall be returned after the adjustication.

4. Submissions: Binding offers together with the Letters of Guarantee shall be submissed in scaled covelopes. Submissions shall be made in person or through a duly authorised agent.
5. Errelopes containing the binding offers shall be unseeded by the above mentioned Notary Public in his office, on the 30th of Jameary 1994, at 14,00 hours. Any party having duly submitted a binding offer shall be emitted in attend and sign the deed stigating the unsealing of the binding offers.

6. As highest bidder for each group of assets shall be considered the participant, whose offer will be judged, by creditors representing over 51% of the claims against the Company (the "Creditors"), upon suggestion of the Liquidator, to be in the best interests of all the creditors Company. For the purposes of evaluation, an offer to be paid in impliments shall be assessed on the busis of its present value to be calculated by employing a 22% annual discount laborat rate, compounded yearly.

Chaptuness yearly.

7. The Liquidator shall give written notice to the highest hidder for each group of assets to appear on the date and place mentioned therein and execute the courset of sale in accordance with the terms contained in his binding offer sadder my other improved terms, which may be suggested by the Creditors and agreed spon. In the event of the highest not complying with such obligation, the Letter of Guzzantee shall be furfained as a penalty. Adjudication shall be decayed to take effect upon execution of the contract of sale,

espectively.

9. The liquidator and the Creditors shall have no Hability nor obligation whatsouver towards the participants in relation to the evaluation of the offers or the appointment of the highest bidder or any decision to repeat or cancel any Austion or any decision whatsoever in connection with the proceedings of the Austion. The Homostore, the creditors and the notary public shall have no imbility for any legal or actual defects of the assets. Submission of binding offers shall not constant right for the adjudication nor the participants shall acquire any right, power or chies, from this lavitation and/or their participants in the Austions against the liquidator and/or the Creditors for any reason whatsoever.

in order to obtain the Officing Mentionarium for each of the above groups of assets and any introe information please apply to the Liquidator "Ethniki Kephaleon S.A. Administration of Ansets and Liabilities", 1, Standardon Str. Arbens 10561, Gross, Tel. 430-1-321.438.

[22... +30-1-32.97.05 (attention Mrs. Martin Frangakis), or the Liquidator's agent, Mr. Konstantines Kyrinkis, 120 Solomo Str. Arbens, Tel. 430-1-381.68.29.

The Future's History.

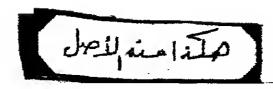
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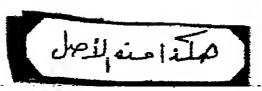
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FINANCIAL TIMES

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AMERICA

Dow trades narrowly on data prospect

Wall Street

US shares traded in a narrow band in spite of rising bond prices and a firming dollar, writes Lisa Bransten in New

By 1 pm, the Dow Jones Industrial Average was down 4.38 at 3,834.10. The more broadly based Standard & Poor's 500 declined 1.00 to 458.11 and the American Stock Exchange composite gained 0.21 at 433.37. The Nasdaq composite slipped 2.24 to 741.47. Trading volume on the NYSE came to 181m shares.

The market remained ekit-tisb ahead of important jobs figures to be released tomorrow. Share prices had ebbed and flowed for weeks on speculation about another interest rate increase from the Federal Reserve; and recent mixed economic data had not helped traders form a consensus opinion about the likelihood of another increase at the January 31 meeting of the Fed's open market committee

Economists expected December's unemployment level to hold at 5.6 per cent after an unexpectedly large gain in

Little attention was paid to figures released yesterday which showed that November construction expenditure had risen by 0.7 per cent, slightly more than economists' expecta-

Shares in Mexican companies traded on the New York Stock Exchange added to their losses. Telefonos de Mexico. which was the most active stock on the exchange, hit a new 52-week low, falling to \$36% before a partial recovery to close the morning down \$1% at \$37%. Grupo Televisa lost \$2

The crisis in Mexico also bruised other Latin markets. Compania Telefonos de Chile was off \$11/2 at \$78 and Telefon-

Latin America

Peru² Venezueta³ Asta China⁴

Indonesia⁴

Malaysia

Hungary^t Jordan Poland^e

Turkey¹² Zimbab

Norway (23) . . Singapore (44)

South Africa (59)

urope Ex. UK (518) ...

Pacific Ex. Japan (325)

World Ex. US (1740)

South Korea

ica de Argentina receded \$1%

Philip Morris gained \$% at \$58% after the company announced that it would merge two of its food units, Kraft and General Foods, into a single

\$% at \$54% after the health care products company said that it would buy Mitck Surgical Products for \$30 a share. Mitek Surgical, which trades on the Nasdaq, jumped nearly 24 per cent on the news, rising \$51/2 to \$29.

company.

Scios Nova climbed \$% to \$7% after the biotech company announced late on Tuesday that it would work with the industry leader, Genentech, on the development of a drug to treat kidney failure. Genen-tech, up \$% at \$46%, will market Scios Nova's drug outside North America, and the two companies will work together to sell the drug in the United

Canada

Battered gold shares continued to weigh heavily on the Toronto stock market at midday, helped by financial services and conglomerates. The TSE 300 composite index fell 27.63 to 4,158.24 in 20.28m shares valued at C\$341.64m.

The precious metals sub-index dug its way back from its session lows, but it was atill trading at 221.80 or 2.4 per cent lower at 9,043.78. Gold futures slipped to eight-month lows before recovering slightly, West Fraser Timber lost C\$1/4

at C\$39 in 868,300 shares after it completed its purchase of Eagle Hardware & Garden's Canadian operations for C\$32.9m. Part of the purchase price was 750,000 West Fraser shares at C\$39 each.

The mining heavyweight American Barrick Resources ahed C\$% to C\$29% with 862,881 shares crossing.

EMERGING MARKETS: IFC WEEKLY INVESTABLE PRICE INDICES

+46.2

-38.7 +48.3 -14.5 -13.2 -47.8 +18.5 -12.1 +26.9 -18.7 -19.8 -2.1 -18.2 -27.1 +3.4 -7.3 -42.4

-39.6

cices are calcusted at and-week, and weekly changes are percentage movement from the provision Friday, Sees date; Dec 1905-100 except those roted from the (IJFeb 1 1991; (7)Dec 31 1992; (5Lian 5 1990; (4Dec 31 1992; (5Lian 3 1992; (5Lian 4 1991; (7)Nov 6 1992; (5Dec 31 1992; (5Lian 7 1991; (10)

The IFC's year-end performance table speaks for itself, writes John Pitt. The three reginnal indices all finished in negative ground, with Europe and the Middle East providing the worst return, mainly as a result of sharp declines in Turkey and Poland. But some hright spots can be found, particularly among the smaller markets, with Peru, capitalised at about \$6bn, and Zimbabwe, capitalised at some \$1bn, scoring

Strongly.

Looking to pick markets and regions which could do well this year, Baring Securities suggests that a possible end to the tightening of interest rates in the US during the first quarter "might reasonably encourage a return to the major south and east Asian stock

However, the hroker adds a note of caution: "These markets are indeed highly sensitive to liquidity, especially US liquidity influws. However, they are also affected by their own monetary conditions, and we sense that monetary conditions in this region are still some way off hottoming."

107.64 115.48 105.68 98.84 81.56 100.39 121.05 89.38 197.73 130.54 48.51 98.98 303.19 137.41 44.62 137.41 44.62 137.41

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2.89 3.10

% Change

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677.82 182.19

546.91 284.55

144.01

316.43 171.32 126.39 105.10

308.42

413.88 175.58

454.57

154.62

321.98

160.78

183.50 483.97

142.86

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FT-ACTUARIES WORLD INDICES

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Mexican equities plunge

Mexican equities opened down by more than 5 per cent as heavy selling by both domestic and US investors took hold.

The nervousness spread to Brazil and Argentina, whose stock markets also skidded by 5 per cent. The latest falls occurred as

the Mexican government lifted interest rates by a further 2 percentage points to 33 per cent and as investors reacted negatively to President Ernesto Zedillo's announcement on Tuesday of emergency economic measures.

By midsession, Mexico's IPC index had begun to claw back some of its losses, down 89.85 or 4 per cent at 2,188.62, while Brazil's Boveepa index was also steadier, off 3.7 per cent at 39,465. In Argentina the Merval index had lost 25.64 or 5.5 per cent to 441.35.

Mr James Rendell, an emerging markets strategiet at James Capel in New York, remarked that there was a complete lack of investor confidence in the Mexican government at the moment.

He felt that all the negative news had yet to be factored into chare prices, especially fourth-quarter 1994 company results, which would reflect the peso's devaluation. Consequently, be was recommending an underweight position and saw further downside in the IPC index.

He remained more confident about the future direction of Brazil, believing that the market would be driven more by domestic factors following the economic reforms advocated by President Fernando Henrique Cardoso; but he noted that Argentina faced current account difficulties similar to those of Mexico.

He was optimistic about

Ms Sarah Lavers, head of research at Latinvest in London, felt that once the current bout of panic subsided there was still reason to expect a return to optimism in 1996. The country, she said, had a sound mannfacturing base from which to work.

Local currency terms

+0.3 +6.8

+0.1 +0.2 +3.8 +0.0 -0.4 -1.4 +3.5 +0.7 -0.8

+0.1 -3.7 -1.2 +3.0

171.64 162.56 108.24
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-15.0 -24.0

-19.4

-0.2 +3.7

-5.0 -34.5

Dec. 30 % Change % Change 1994 over week on Dec '93

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242.98 2.135.71

149,25 372,99

125.45 290.63

218.87 271.95

2.859.85

1,500,372,084

Madrid fails to sustain positive response

There was no panic reaction to the Bank of Spain's interest rate increase, writes Our Markets Staff. Strategists saw it as a reflection of the country's domestic political problems. Spain's rate rise made it the fifth European country to lift

official interest rates in the current cycle, after Sweden, Italy, the UK and Finland. MADRID failed to sustain a

positive response to its repo rate rise, a weakening peseta leading the March bond future from a 32 basis points' gain to a small loss, and the general index adding just 0.20 at 288.26 in turnover of Ptal8.5bn. Mr James Cornish, a political

analyst and strategist at Nat-West Securities in London. said the market did not believe that the coalition government can last for ever but that the socialist premier Mr Felipe González might still survive for some considerable time

with Catalan support. Over 1994, the deterioration in this situation saw the yield premium on Spanish bonds, against their D-Mark equivalents, rise from 230 to 414 basis points; the immediate prospect, without political change, seemed to be obvious FRANKFURT stayed in its

plant, under the pressure of recently strong demand.
Outside the Dax, the mortgage bank Depfa recovered DM5 to DM730 after its fall of DM35 on Tuesday. There had

company's South Carolina

FT-SE Actuaries Share indices

backwater. The Dax index

Jan 3

eased 2.52 to 2,072.26 on the session as turnover rose from DM3.5bn to DM4.1bn, and no sign of increased risk with the loans. PARIS continued to improve.

Dec 30 Sec 29 Dec 28 Dec 23

closed the afternoon at an Ibisindicated 2,072.90. There had been hopes that the prospect of US car sales figures would give German carmakers a lift. But BMW dropped DM7 to DM754, although the group said its over of FF12bn. Rover unit was considering Eurotumnel, which is not a constituent stock, added 5.4 per building Land Rovers at the

10.30 11.00 12.00 13.00 14.00 15.00

FT-SE Eurotrack 100 1338.08 1338.25 1338.51 1338.17 1337.42 1337.55 1338.25 1337.65 FT-SE Eurotrack 200 1392.23 1391.33 1392.25 1331.17 1389.64 1390.04 1390.70 1390.66

been rumours that a debtor, the east German hotel group Inter Hotel, was in financial difficulty; but the BZW analyst, Mr Andreas Schmidt,

maintained his buy recommendation, saying that there was

THE EUROPEAN SERIES

although, as analysts noted, this had to be taken in context with a 17 per cent loss in the CAC-40 index during 1994. The index moved forward 15.88 to 1,901.79 in seasonally low turn-

cent or FFr1.35 at FFr26.35 on reports that one US brokerage concern had reiterated its buy recommendation and as the Channel tunnel operator's vehicle shuttle service went into full 24-hour operation

In the electrical engineering sector, Schnelder gained 4.6 per cent on a technical rebound, the shares improving Among insurers, GAN gained FFr5.20 at FFr280.30 as the government said it had leted a FFr1bn recapitalisation ahead of the company'a forthcoming privatisation. ZURICH was led higher by

cyclical stocks as the SMI index rose 20.8 to 2,633.1. Brown Boyeri bearers moved ahead SFr19 to SFr1,157, Georg Fischer by SFr40 to SFr1,590 and Sulzer by SFr13 to SFr903. On the margin between cycli-cals and defensive stocks, Ciba bearers advanced SFr11 to SFr797, while Roche certificates climbed SFr110 to SFr6,450. But Ascom dropped

SFr75 to SFr1,285 on several large sell orders.

AMSTERDAM recovered Tuesday'e loss and inched head, the AEX index rising 0.56 to 417.38 as the stock exchange authorities reported that turnover set a new record of F1311.2bn last year, against,

Fl 249.6bn in 1993. Océ-Van der Grinten, the pbotocopier manufacturer, slipped 50 cents to F178.00 as analyete forecaet eharply higher 1994 earnings, due on Friday, and a further rise in 1995. The shares were among the best performers in 1994. esining 14 per cent.

Hoogovens, the steel producer, seemed to be another victim of its own success, with ite sharee down F11.00 to F178.50 yesterday. Last year, it was the market's best performer by far, moving forward

to Sweden

ssovereign de

Jowngraded .

by 60 per cent. Philips, up 20 cents to F152.40, said it had reached an agreement with Sony, of Japan, for the specifications for what was described as a multisession compact disc, the combination of audio tracks with additional CD-ROM information. The electronics group also announced that it was to build a \$10m plant in Poland for the assembly of video.

recorders and CDs. MILAN rallied during the last hour and the Comit index finished 0.15 higher at 642.97. Volume remained low, with sharea worth just L600bn

traded. Investors were dismaved that President Oscar Luigi Scalfaro, who was ill, had postponed a second round of consultations with poli-tical leaders to try to determine the chape of the next government.

Written and edited by William

Dollar's rise against yen fails to lift Nikkei

Tokyo

The Nikkei 225 average fin-ished the first day of trading in 1995 marginally lower as arbi-trage unwinding depressed share prices, writes Emiko

Terazono in Tokyo. The index closed a half-day session down 39.02 at 19,684.04, after moving between 19,641.22 and 19,724.76. Investors failed to react to the dollar's rise against the yen. The US cur-rency moved above Y101 for the first time since August last year on expectations of higher US interest rates.

The Topix index slipped 5.69 to 1.553.40 and the Nikkei 300 shed 1.02 to 286.15, while declines led rises by 555 to 299, with 342 issues unchanged in London the ISE/Nikkei 50 index eased 0.16 to 1,287.51. Volume was 76m shares

against 128m traded in the half-day session of December

30. While most investors remained inactive, traders said the rise in the dollar could prompt overseas investors to Brokerage stocks were lower on fears of depressed earnings due to sluggish trading volume - average daily turnover on the Tokyo stock exchange last year was Y335bn, down 1.8 per cent from 1993. Worries over the health of smaller brokers were starting to spread since turnover was far lower than

the break-even point for many of them. Among their bigger

brethren, Nikko Securities fell

Y30 to Y1,100 and Daiwa Secu-

rities Y20 to Y1.420. The dollar's improvement against the yen failed to support export-orientated hightechnology stocks: Fujitsu dipped Y10 to Y1,000 and Toshlba Y8 to Y715. Sony, however, gained Y30 at Y5,680 and Pioneer Electronic Y20 at Y2,420. Individual investors traded speculative favourites. Nippon

SOUTH AFRICA

Gold shares extended Tuesday's losses as the bollion price slid to \$376 an ounce, causing weakness in most sectors. The overall index finished 58 off at 5,779.0, the industrials index was 13.4 lower at 6,961.8 and golds fell 86 or 4.3 per cent to 1,898.9.

189.15 198.89 177.04

Paint topped the first section's volume list, rising Y34 to Y718. Sakai Ovex, the synthetic textile maker, fell Y22 to Y730 on profit-taking, while Pacific

Metals retreated Y9 to Y539. Privatisation issues were lower, with Nippon Telegraph and Telephone down Y5,000 to Y876,000 and Japan Tobacco off Y11,000 at Y975,000.

In Osaka, the OSE average lost 77.86 at 21,624.59 in volume of 8.5m shares. Nintendo, the video game maker, rose Y60 to Y5.450, but One Pharmaceutical declined Y50 to Y4,740.

Roundup

Big sellers shifted their sights from Hong Kong to markets elsewhere in the region. Taiwan remained closed for the new year holiday. SEOUL reported heavy sell-ing of hiue chips in thin overall trading as the composite index receded 16.56 to 997.01. In spite of the index fall, gainers outscored losers hy 415 to 371. Among the winners, con-

struction shares were in the spotlight on expectations of improved corporate earnings this year. The sub-index added 10.51 points at 616.70 and Woosung Construction went the day's limit up with a rise of

Won800 to Won15,800. KUALA LUMPUR declined 1.2 per cent, the KLSE composite index dipping 11.89 to 957.81 in thin volume of 70m shares. Once again, dealers blamed

falls in key blue chip stocks. ACP Industries sprang to life in the afternoon after a subdued morning session. Following an impressive debut on Tuesday, doubling its IPO price, the construction materials group ended 58 cents or 11.8 per cent stronger at M\$5.50

SINGAPORE, which took over as the main Asian trading centre for Jardine Matheson and Jardine Strategic on January 3 (the two delisted from Hong Kong on December 30) saw a better day for the debut stocks with US dollar gains of 55 cents to \$7.55 and 12 cents to

after 2.1m shares traded.

2.11 easier at 2,244.14. MANILA reacted to Tuesday's drop in Hong Kong, the composite index losing 33.31 or 1.3 per cent at 2,771.97.

\$3.46 respectively. The Straits Times Industrial index closed

KARACHI fell on fears of possible fresh violence in the city, the KSE 100 index receding 12.92 to 2,077.74.

BOMBAY saw profit-taking by small investors as the BSE index fell 27.89 to 3.887.14. HONG KONG'a Hang Seng index recovered a token 42.87

at 7,887.01 after Tuesday's 4.2

per cent drop. Trading was finely balanced between US institutional selling and arbitrage-led futures trading, with local investors bargain hunting. Turnover rose from

HK\$1.97bn to HK\$2.39bn. Other winners included BANGKOK, with the SET index up 6.58 to 1,360.63 on late; huying of blue chips, and JAK-ARTA, where the JKSE index rose 2.1 to 474.49 ahead of

today's 1995/96 hudget COLOMBO rose due to posttive sentiment among domestic investors after Tuesday's peace talks in which the Sri Lankan government and Tamil rebels

agreed to cease hostilities. The CSE all-share index put on 6.74 at 995.17, and turnover rose from Rs32.7m to Rs49.6m, ahead of tomorrow's policy statement by Mrs Chandrika Bandaranaike Kumaratunga, the island's president.

This announcement appears

as a matter of record only.

- 2

PER THEFE

New Issue January 5, 1995



Kingdom of Spain

DM 2,500,000,000 7% Bearer Bonds of 1995/2000

COMMERZBANK AKTIENGESELLSCHAFT

BAYERISCHE LANDESBANK GIROZENTRALE

LEHMAN BROTHERS BANKHAUS

AKTIENGESELLSCHAF

BAYERISCHE VEREINSBANK AKTIENGESELLSCHAFT

ABN AMRO BANK

(DEUTSCHLAND) AG

CS FIRST BOSTON EFFECTENBANK

DEUTSCHE BANK

DRESDNER BANK

DEUTSCHE GIROZENTRALE

DG BANK

DEUTSCHE KOMMUNALBANK MORGAN STANLEY GMBH

DEUTSCHE GENOSSENSCHAFTSBANK WESTDEUTSCHE LANDESBANK GIROZENTRALF

BANCO CENTRAL HISPANO

AKTIENGESELLSCHAFT

BARCLAYS DE ZOETE WEDD

DEUTSCHLAND GMBH

GOLDMAN, SACHS & CO. OHG

SALOMON BROTHERS AG

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BANCO DE NEGOCIOS ARGENTARIA, S.A.

BANK OF TOKYO (DEUTSCHLAND) BANQUE NATIONALE DE PARIS S.A. & CO. (DEUTSCHLAND) OHG

> BAYERISCHE HYPOTHEKEN-UND WECHSEL-BANK AKTIENGESELLSCHAFT

MERRILL LYNCH BANK AG SANWA BANK (DEUTSCHLAND) AG

SOCIÉTÉ GENERALE -ELSASSISCHE BANK & CO. BANK BRUSSEL LAMBERT NLV.

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